THIRTEENTH REPORT

STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2001)

'HIRTEENTH .OK SABHA

MINISTRY OF CHEMICALS & FERTILISERS

(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

DEMANDS FOR GRANTS (2001-2002)

19 APR 2001

Presented to Lok Sabha on. ....
Laid in Rajya Sabha on..... ....

LOK SABHA SECRETARIAT
NEW DELHI

April, 2001/Chaitra, 1923 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM AND CHEMICALS

(2001)

Shri Mulayam Singh Yadav – *Chairman*

MEMBERS

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3. Shri Ramchander Bainda
4. Shri Ananda Mohan Biswas
5. Shri Ajay Singh Chautala
6. Dr. (Smt.) C. Suguna Kumari
7. Shri Padam Sen Choudhary
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42. Shrimati Basanti Sarma
43. Shri Rajiv Ranjan Singh 'Lalan'
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45. Prof. Ram Gopal Yadav

SECRETARIAT

1. Shri Ram Autar Ram		*Joint Secretary*
2. Shri Brahm Dutt		*Deputy Secretary*
3. Shri J.N. Oberoi		*Under Secretary*
4. Smt. Madhu Bhutani	—	*Senior Executive Assistant*

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (2001) having been authorised by the Committee to submit the Report on their behalf present this Thirteenth Report on Demands for Grants of the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals for the year 2001-2002.

2. The Committee examined/scrutinised the Demands for Grants pertaining to the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals for the year 2001-02 which were laid on the Table of the House on 20th March, 2001.

3. The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals at their sitting held on 30th March, 2001.

4. The Committee considered and adopted the Report at their sitting held on 11th April, 2001.

5. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals for furnishing the material and information which they desired in connection with the examination of Demands for Grants of the Ministry, for the year 2001-02 and for giving evidence before the Committee.

6. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI :
April 11, 2001
Chaitra 21, 1923 *(Saka)*

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum and Chemicals.

REPORT

A INTRODUCTORY

The Department of Chemicals and Petrochemicals is entrusted with the responsibility of planning and development of chemicals, petrochemicals and pharmaceutical industries. The list of items allotted to Department, broadly include: drugs and pharmaceuticals, insecticides (excluding the administration of the Insecticides Act, 1968). Molasses distribution and pricing, dye-stuffs and dye-intermediates, organic and inorganic chemicals, Bhopal Gas Leak Disaster – special laws relating thereto, petrochemicals, synthetic rubber, plastics including fabrications of plastic and moulded goods. The following public sector Undertakings/ Institutions/Organisations are under the administrative control of the Department.

(i) Hindustan Organic Chemicals Ltd.

(ii) Hindustan Insecticides Ltd.

(iii) Indian Drugs and Pharmaceuticals Ltd.

(iv) Hindustan Antibiotics Ltd.

(v) Smith Stanistreet Pharmaceuticals Ltd.

(vi) Bengal Chemicals and Pharmaceuticals Ltd.

(vii) Bengal Immunity Ltd.

(viii) Indian Petrochemicals Corporation Ltd.

(ix) Petrofils Cooperative Ltd.

(x) Central Institute of Plastic Engineering and Technology.

(xi) National Institute of Pharmaceuticals Education and Research.

(xii) Institute of Pesticides Formulation Technology.

Regional Network on Pesticides for Asia and Pacific

National Pharmaceuticals Pricing Authority

Analysis of Demands for Grants

2. Demands for Grants (No. 5) relates to the Department of Chemicals and Petrochemicals (hereinafter referred to as Department) and were laid on the Table of both the Houses of Parliament on 20th March, 2001. In the demands, provisions have been made for expenditure relating to the Secretariat of the Department (Rs. 5.79 crore), matters relating to Bhopal Gas Leak Disaster, National Pharmaceutical Pricing Authority (NPPA) and the grants for the autonomous bodies, namely, Central Institute of Plastic Engineering and Technology (CIPET), Institute of Pesticides Formulation Technology (IPFT) and National Institute of Pharmaceuticals Education and Research (NIPER), etc. There is also budget provision for investment in and loans to Public Sector Undertakings for capital expenditure as well as for Non-Plan support to meet cash losses and payment of salaries and wages in the sick PSUs.

3. Budget provision consisting of two parts *viz.* Revenue Section and Capital Section is as under :

(Rs. in crores)

	Plan	Non-Plan	Total
Revenue Section	34.91	24.66	59.57
Capital Section	14.09	37.60	51.69
Total	49.00	62.26	111.26

The provision for investment in PSUs in the current year is Rs. 7.04 crore (Plan) and Rs. 7.05 crore has been provided as plan loan for carrying cut capital expenditure activities by PSUs.

Non-Plan Provisions

4. These include budget provision for Secretarial expenses, Bhopal Gas Leak Disaster, National Pharmaceutical Pricing Authority, Central Institute of Plastic Engineering and Technology, Pharmaceutical Export Promotion Scheme and Chemical Weapons Convention.

Non-Plan Loans to PSUs

5. During the year 2001-02, a budget provision of Rs. 37.60 crore as non-plan loan has been made for sick PSUs/Organisations *viz.* IDPL, BIL, SSPL and PCL for meeting shortfall in payment of salaries to their employees.

Plan Funds to PSUs

6. The total Plan Budget support for the year 2001-02 is Rs. 49.00 crore which comprises Rs. 14.09 crore as a provision for investments in PSUs including Rs. 7.04 crore as equity and Rs. 7.05 crore as Plan loan to the PSUs for carrying out capital expenditure. A provision of Rs. 23.71 crore has also been made as grant-in-aid to autonomous bodies and other organisations under this Department of Chemicals and Petrochemicals. The Plan investment in PSUs in mainly on account of Renewal and Replacements. Besides this, Rs. 2.20 crore has been kept as contribution of the Department towards non-lapsable pool for North East Region and Sikkim. Rs. 9.00 crore has been provided for implementation of Voluntary Retirement Scheme (V.R.S.) in operational and viable PSUs.

Other Plan provisions mainly include grants to National Institute of Pharmaceutical Education and Research (NIPER), Central Institute of Plastics Engineering and Technology (CIPET), Institute of Pesticide Formulation Technology (IPFT), Pharmaceutical Research and Development Programme (PRDP), Chemicals Promotion and Development Scheme (CPDS) and token provision for Assam Gas Cracker Project.

7. Detailed statements showing the item-wise actual expenditure and percentage change in the Budget Provisions during the last two years and actual expenditure for the year 1998-99 to 2001-02 are given at Appendices-I to III.

B. APPRAISAL OF 9TH FIVE YEAR PLAN

8. The approved outlay for the 9th Five Year Plan (1997-2002) for the Public Sector Undertakings and other Schemes under the administrative control of Department of Chemicals and Petrochemicals was

Rs. 6760.00 crore. The outlay was for continuing schemes as well as for new schemes. Out of this outlay, the budgetary support from the Government was Rs. 171.00 crore and the balance had to be funded out of the internal resources and extra budgetary resources (I&EBR) of concerned PSUs. The actual expenditure during 1997-98, 1998-99, 1999-2000 and 2000-01 (BE), 2000-01 (RE) and 2001-02 (BE) is as follows :–

(Rs. in crore)

Year	Plan Outlay	Expenditure
1997-98	1538.00	1135.70
1998-99	1518.00	911.70
1999-2000	509.65	482.46
2000-01 (BE)	292.41	
2000-01 (RE)	209.42	
2001-02 (BE)	209.00	

9. The PSU-wise break-up of the outlay during 9th Plan is given at Appendix-IV. The PSU-wise break-up of actual expenditure during the years 1997-98 to 1999-2000 and 2000-01 (RE) along with the BE for the year 2001-02 is given at Appendix-V. Statement showing outlay for annual plan 2001-02 is given at Appendix-VI.

10. The approved outlay for the Ninth Plan for the Department is Rs. 6760.00 crore consisting of budgetary support of Rs. 171.00 crore (2.5%) and internal and extra budgetary resources (IEBR) of Rs. 6589 crore (97.5%). The outlay of 95% is accounted for by two organizations, namely, Indian Petrochemicals Corporation Limited (Rs. 5601 crore) and Hindustan Organic Chemicals Ltd. (Rs. 850 crore).

11. Explaining the reasons for under-utilisation of planned outlay, the Department submitted as under :–

> "In the case of Assam Gas Cracker Project the Department could not release the capital subsidy because of tardy progress due to the factors like, delay in finalisation of gas supply agreement and identification of project site. Variation of actual expenditure

in respect of Bhopal Gas Leak Disaster has been occurring due to difficulties in projecting the number of cases to be decided by various courts for final compensation. The increasing trend of Non-Plan loan to PSUs is mainly on account of payment of salaries and wages in sick PSUs, *viz.* IDPL, SSPL, BIL and PCL.

The Department had proposed scaling down the Ninth Plan outlay from Rs. 6760.00 crore to Rs. 4012.56 crore mainly because of the resource constraint faced by IPCL and HOCL. The internal generation of funds by both the PSUs has been under severe pressure during the last four years due to unfavourable market conditions. Keeping in view the depressed market prices of their products and changed economic scenario, the outlay of IPCL has been scaled down to Rs. 3465 crore and that of HOCL to Rs. 229 crore.

Five PSUs of the Department have been referred to the BIFR. These are Indian Drugs and Pharmaceuticals Limited (IDPL), Hindustan Antibiotics Ltd. (HAL), Bengal Chemicals and Pharmaceuticals Limited (BCPL), Bengal Immunity Limited (BIL) and Smith Stanistreet Pharmaceuticals Limited (SSPL). Petrofils Cooperative Limited, a joint venture of Government of India and Weavers Co-operatives registered under the Multi-State Co-operative Societies Act, in which the Government has 83% shareholding has also become sick. The Govt. has decided to wind up this society. Cabinet has approved the proposal and necessary steps for winding up are being taken. HAL and BCPL are on their way to recovery. Revival packages for IDPL, BIL and SSPL are yet to be finalised."

12. On being pointed out by the Committee that the very purpose of planning is defeated if it is not implemented, the Department submitted in a written note :–

"The Ninth Five Year Plan covering the financial year 1997-98 to 2001-02 was conceived by the Planning Commission against a backdrop of three consecutive years of high growth when the Indian economy grew at an average rate of 7.2 per cent. The Approach Paper presented to the National Development Council (NDC) in February, 1997 by the Planning Commission therefore, proposed a growth rate of 7 per cent of the Ninth Plan, which

was accepted by the NDC. However, the Ninth Plan was finally approved by NDC only in February, 1999. It was evident by then that economic growth had slowed down to 5 per cent in 1997-98 and that recovery may also take time. On the basis of appraisal of performance of PSUs in the Chemicals and Petrochemicals Sector, this Department approached Planning Commission in June 1999 and proposed scaling down of the 9th Plan outlay keeping in view the unfavourable market conditions and changed economic scenario."

13. When asked why even the revised outlay could not be utilised, the Department explained its position, PSU-wise :-

"As against original outlay of Rs. 6000 crore for IPCL, the revised plan was scaled down to Rs. 3465 crore. In the meantime, the Government decided to disinvest 25% of its equity in IPCL and consequently it was decided not to take up new projects amounting to Rs. 1180 crore.

In the case of Hindustan Organic Chemicals Limited (HOCL), because of declining performance of the Company, it could not generate internal resources to the extent necessary for execution of plan. Further reducing profitability led to the declining share value and credit rating of HOCL. This made it difficult for them to borrow the money from market for financing their Plan Schemes. Accordingly the initially fixed Ninth Plan Outlay of Rs. 850 crore for HOCL was reduced to Rs. 229.00 crore in June 1999. Further, deferment of MDI project to the next plan and cash losses incurred by the Company have resulted in subsequent reduction in the anticipated capital expenditure from Rs. 229 crore to Rs. 96 crore."

14. Replying to the specific query of the Committee as to whether the Planning Commission/Ministry of Programme Implementation has reviewed the implementation at any stage, the Department replied :-

"The Department has been periodically interacting with the Industry associations and is also conducting performance review of PSUs in this sector in consultation with the Planning Commission/Ministry of Programme Implementation."

15. During the course of evidence, Secretary, elaborated further the reasons for non-utilisation of planned outlay :-

> "The original Plan made was for Rs. 6700 crore. Now, the Plan was left because the Plan could not be finalised. The Plan was finalised in the second year. So, for two years, no new scheme could be taken up for IPCL. That is the correction we reflected in reducing it. It has nothing to do with the prices or the opening up of the economy or disinvestment. All these factors are subsequent but we had to immediately recast the Plan because by the time we sent the proposal, the approval of the Plan took two years. So, we found that for two years, no new projects could have been taken up. The total size of the Plan of Rs. 6750 crore was reduced to Rs. 4012 crore. That has nothing to do with the opening up of the economy or the closing up of economy. That has something to do with the realistic re-assessment of the lost period of two years during which the Plan was not finalised. Thereafter, cumulatively, the decision to disinvest IPCL was taken in December, 1998. It had no impact on our estimates of February, 1999. You see these things go about six months or eight months before they are cleared."

16. Replying to the specific query of the Committee as to whether the decision of disinvestment in IPCL affected the Plan size, Secretary of the Department stated :-

> "It is because of two factors. One, the disinvestment decision impacts on plan size only marginally. There is no reason why the Plan size should technically suffer, if there is a disinvestment. It does not seem much sense in taking up new projects in a Company, which we are selling out. So, therefore, to that extent, it suffers. Now, that cannot be totally factored in at the time when you take the disinvestment decision. The disinvestment decision is taken at the level of the Cabinet. The Plan size and Plan allocations are decided at the departmental level. In the time frame of three months the Cabinet decides in December, 1998 that we will disinvest IPCL. We have made a Plan. We are talking to the Planning Commission that we cannot achieve

this Plan and we want to reduce the whole size from Rs. 6760 crore to Rs. 4012 crore, out of which the IPCL component is Rs. 3400 crore. *There is not one to one correspondence.* But slowly after disinvestment decision, disinvestment being one of the factors, the major factor being the volatility of prices of petro-chemicals which has squeezed the margin."

17. The Committee note that the approved outlay for the 9th Five Year Plan (1997-2002) for the Department of Chemicals and Petrochemicals was Rs. 6760.00 crore which was brought down to Rs. 4012.56 crore. But even this outlay is not likely to be utilised as the actual expenditure during the first four years remained at Rs. 2739.28 crore only. After adding the likely expenditure of Rs. 209 crore slated for the last year of the Plan, the total utilisation comes to Rs. 2948.28 crore which is much less that the scaled down outlay. The Department has attributed the reasons for low utilisation to (i) tardy progress in finalisation of gas supply agreement for Assam Gas Cracker Project; (ii) variation of actual expenditure in respect of Bhopal Gas Leak Disaster; and (iii) resource constraints faced by IPCL and HOCL, the internal generation of funds by both these PSUs being under severe pressure during the last four years due to unfavourable market conditions. The Department has stated that when Ninth Five Year Plan was conceived in 1997, the growth rate was around 7.2 per cent but it slowed down later in subsequent years to 5 per cent. During evidence, the Department admitted that talk of disinvestment in IPCL without actual having taken place also affected the utilisation of planned outlay to some extent. Although the Department has stated that they had been periodically interacting with the Planning Commission/Ministry of Programme Implementation, yet the Committee's inference is that no serious formal interaction took within these organisations.

18. The Committee have been stressing repeatedly the importance of planned development. The planning is based on a serious stock taking of the strength of past achievements and failures and seeks to provide balanced targets for the future. The implementing agencies should develop vision and commitment to achieve the laid down objectives/targets.

19. The Committee are constrained to observe that the Department has failed to achieve the laid down objectives for 9th Five Year Plan. Planning Commission/Ministry of Programme Implementation have also not played their monitoring role well. The Committee recommend that Planning Commission should evaluate performances of all Ministries with regard to their achievements of planned objectives and based upon their experiences, formulate guidelines for laying minimum standards which each implementing agency/Ministry/Department must achieve in a particular year. If any agency fails to achieve this, Planning Commission should hold a review meeting half-yearly with the agencies to evaluate the reasons for non-performance. In each Ministry/Department an exclusive cell should be entrusted with specific assignment, responsibility and accountability to implement the Planned Schemes.

(Recommendation No.

C. HEAD-WISE ANALYSIS OF DEMANDS

20. In Revenue Section, budgetary provision of Rs. 59.57 crore has been made. In this Section, provision for the following Major Heads have been made :-

MAJOR HEAD 3451

Secretariat/Economic Services (Budget Estimates Rs. 5.79 crore)

21. This 'Head' is mainly used for salaries of the Ministry's officials and other office expenses like OTA, travelling, office expenses etc. As against the provision of Rs. 5.40 crore (RE) of last year, a provision of Rs. 5.79 crore has been made in this year's budget. Scrutiny of the provision revealed that an enhanced provision of Rs. 16 lakh for foreign travel expenses has been made than the last year. Department has clarified that in the last year, budget for travel expenses was distributed over 3 sub-heads *i.e.* Secretariat (Rs. 10.00 lakh), Chemical Weapon Convention (Rs. 14.00 lakh) and Pharmaceutical Export Promotion Scheme (Rs. 3.91 lakh). In the financial year 2001-02, all the 3 sub-heads have been merged into a single sub-head and a combined

allocation of Rs. 26.00 lakh has been proposed. Therefore, in actual fact lower allocation has been made for foreign travel expenses during the year 2001-02.

22. The Committee are satisfied with the provisions on this account and are also convinced with the clarification on enhancement of foreign travel expenses. The Committee advise the Department to observe austerity wherever it can be possible on Secretariat expenses.

(Recommendation No. 2)

MAJOR HEAD 2552

North Eastern Area (Rs. 2.20 crore)

23. A provision of Rs. 2.20 crore has been made as contribution of the Department towards non-lapsable pool for North East Region and Sikkim. No such provisions existed during the previous years.

24. Explaining the rationale behind this provision, Department stated :–

> "As per the directions of the Planning Commission and Ministry of Finance, 10% of the Plan Budget Support of this Department, after adjusting the Schemes in the North Eastern/ Sikkim Region, is required to be contributed to the Non-lapsable pool. During 2001-02, Rs. 1.00 crore has been earmarked for Assam Gas Cracker Complex and Rs. 0.80 crore for the CIPET Extension Centre at Guwahati (total Rs. 1.80 crore). The total Plan Budget Support of the Department is Rs. 40.00 crore excluding Voluntary Retirement Scheme in respect of HOCL (Rs. 5.00 crore) + HIL (Rs. 4.00 crore) = Rs. 9.00 crore. Hence, this Department is required to contribute Rs. 4.00 crore (10% of the total Budget of Rs. 40.00 crore). Therefore, Rs. 2.20 crore (Rs. 4.00 crore – Rs. 1.80 crore = Rs. 2.20 crore) is required to be contributed by the Department to the Non-lapsable Pool."

25. The Committee are happy to note that the Government has taken a policy decision to provide 10% of its planned budget for developmental schemes in the North Eastern/Sikkim Region. This is a welcome step and would help in all round development of this Region. The Committee would like to be assured that funds are not allowed to be accumulated year after year without timely and purposeful utilisation. For this purpose, the Committee would urge the Government to constitute a Central agency which would formulate plans and schemes and seriously monitor the implementation of these schemes.

(Recommendation No. 3)

MAJOR HEAD 2852

26. This Head is used for allocating funds for meeting financial requirement of various schemes/establishments such as Grants-in-aid for CIPET, subsidy to Assam Gas Cracker Project, establishment of the Welfare Commissioner under Bhopal Gas Leak Disaster (Processing of claims) Act, 1985 etc. etc. Demands analysis of the some of the institutions are as under :–

(i) *Central Institute of Plastics Engineering and Technology (CIPET)*

27. Central Institute of Plastics Engineering and Technology (CIPET) was established in 1968 as an autonomous organisation under the administrative control of Department of Chemicals and Petrochemicals. The basic objective of CIPET is to train people in various disciplines of plastics such as mould making, mould design, testing and characterization of plastics, plastic processing etc., for the plastic industry. The Institute is also organizing various short term courses, tailor-made courses, awareness programme and entrepreneurs development programmes, etc., in the field of plastics at various centres located at 12 different places in the country *viz.*, Chennai (HQ), Ahmedabad, Lucknow, Hyderabad, Bhubaneswar, Bhopal, Imphal, Amristar, Mysore, Patna, Howrah and Guwahati.

28. A budgetary provision of Rs. 6 crore as planned expenditure and Rs. 3.38 crore as non-planned expenditure has been made as against Rs. 4.00 crore and Rs. 3.95 crore respectively in the previous year. The Ninth Plan outlay of CIPET is Rs. 65 crore comprising Budgetary Support of Rs. 15 crore and IEBR of Rs. 50 crore. The Budgetary Support of Rs. 15 crore has been fully utilised.

29. As regard IEBR, CIPET has been provided with Oil Industrial Development Board (OIDB) Grant of Rs. 11.46 crore. A proposal for OPEC Assistance of US $ 15 million (about Rs. 68 crores) and 10% counterpart expenditure by the Government of India i.e. Rs. 7.80 crore (US $ 1.67 million) is under consideration. If OPEC loan is granted, CIPET is likely to complete existing/new schemes.

30. CIPET is undertaking various project activities in order to strengthen its training facilities/capabilities and also marketing its technical service. Some of the on-going projects are :-

Strengthening of training of CIPET centres under OIDB assistance

The Oil Industry Development Board (OIDB) has conveyed its approval in November, 1998 to sanction an amount of Rs. 11.46 crore as a grant-in-aid for the project submitted by CIPET. The Project was subsequently cleared in the meeting of the Standing Finance Committee of Ministry of Petroleum and Natural Gas held on 23rd June, 1999. An amount of Rs. 300 lakh has been received upto 31st March, 2000.

In the meantime, information on the equipment/machinery needed by all the CIPET centres was collected and compiled. Initially, action has been taken for procurement of 29 testing equipments for various centres under 3 distinct groups. While orders for first 2 groups consisting of 13 equipments have been placed, the remaining 3rd group is under active consideration. Specifications for Processing machinery have been finalised and further action will be initiated as per procurement norms.

Capacity Building of CIPET for Development in Thrust Areas

The Feasibility Report on "Capacity Building of CIPET Centres for Development in Thrust Areas" at a total project cost of US $ 7.0 million was prepared and submitted to the Ministry in March' 99. The report includes the list of equipment/machinery required with due justification on the thrust area of each CIPET centre and also additional infrastructural facilities required for implementing the proposal. Based on the recommendations contained in the study tour report submitted by the Senior officials of CIPET, various details/information sought by the Ministry have been furnished in October, 1999 in order to take up the matter further with Department of Economic Affairs (DEA). The proposal is being actively followed up through the administrative Ministry and the DEA for OPEC Funding Assistance.

31. CIPET has also been generating its own funds and its details during the last 3 years is as under :-

Years	(Rs. in crores)
1998-1999	8.19
1999-2000	9.58
2000-2001	10.17 (estimated)
2001-2002	10.80 (estimated)

32. The Committee are happy to note that CIPET is progressing well and achieving the objectives for which it was established. The Committee would like CIPET to become an autonomous institution of excellence and to achieve this objective, it should start planning from now onwards. In the first phase, CIPET should expand its activities by establishing at least one centre in each State and Union Territory and subsequently more centres may be established as per local requirement. Department of Chemicals and Petrochemicals should act as facilitator to see that official hurdles in various ministries in the Central and State Governments are resolved in a time bound manner. As facilitator, the Department should expedite to finalise the proposal for OPEC assistance.

(Recommendation No. 4)

(ii) Assam Gas Cracker Project

33. The Assam Gas Cracker Project was proposed in 1984 for utilisation of Petroleum fractions of natural gas resources of the State for Polymer production which could create a large scale employment and help in economic development of Assam. Letter of Intent was issued in 1991 based on feasibility report of EIL. The project is to be undertaken by Reliance Assam Petrochemicals Ltd. (RAPL) with Assam Industrial Development Corporation as partner. The project costing over Rs. 3600 crore (without participation of Central Government) is proposed to be located at Tengakhat in Dibrugarh District. Owing to the various disadvantages of setting up the unit in Assam, the Central Government has agreed to grant one time capital subsidy of Rs. 377 crores for the complex. A provision of Rs. 26 crore and Rs. 1.01 crore was made in the Budget Estimates and Revised Estimates for the year 1999-2000 respectively. A token provision of Rs. 1.00 crore has been made in the Budget Estimates for 2000-01 and the same provision has been made in the current year's Budget also.

34. The project could not take off despite repeated recommendations of the Committee as the most contentious issue of Gas Supply Agreement between the Reliance Assam Petrochemicals Ltd. (RAPL) and Oil India Limited (OIL) remained unsolved. The Committee held several informal meetings with the concerned parties and finally in a joint meeting of the representatives of Ministry of Petroleum and Natural Gas and Department of Chemicals and Petrochemicals and Assam Government in February, 2000 all the issues involved were discussed and thrashed out. The Committee succeeded finally when on March 14, 2000, the thorny differences between OIL and RAPL were sorted out and agreement initialled. The Committee had hoped that now the project would take off and completed within 44 months. In this regard, Secretary of the Department of Chemicals and Petrochemicals assured the Committee and said :-

> "We will not leave our responsibility. Even if we leave, think Committee will not allow us."

35. Regarding acquisition of land for the project, Chief Secretary of Government of Assam had deposed before the Committee :-

> "The requirement of land was first 1262 acres and out of that land 128 acres was Government land and that was handed over to the Company. The planned land acquisition proceedings was started and it came to a still when the award was to be given. At that time, the RIL did not deposit the money which they had to deposit because they wanted to first have the gas agreement signed. .....So far as land is concerned, we have made all arrangements. In the meanwhile, the air headquarters also mentioned that there has to be some change in the location of the land. So, an alternative area of 160 acres of land has been identified by the Assam Government.
>
> So, the land has been identified. It is not only that. Alternative land has also been identified for the number of families who might have to be given land elsewhere. So far as the land issue is concerned, that should not pose a problem. The first problem is about signing of the agreement for the project.
>
> The number of families/persons which would be required to be rehabilitated would be known only after the finalisation of the site and initiation of the process of land acquisition. Appropriate measures for rehabilitation would undoubtedly be taken by the Government of Assam. The Central Government would not have any direct role in this regard."

36. Subsequently, Government of Assam changed its version and submitted in an Action Taken Statement in January, 2001 as under :-

> "Government of Assam had identified 1262 acres of land at Tengakhat of Dibrugarh District of which 128 acres of land was handed over to Reliance Assam Petrochemicals Ltd. (RAPL). The remaining part of the land was under acquisition when the acquisition process was put on hold due to the objections raised by the Chabua Air Force Authorities. In view of this, the Project is required to be relocated, for which an alternate site has

already been identified at Laptetkata in Dibrugarh District. Environment Impact Assessment Study has commenced. The Government of Assam, in consultation with the District Administration and RAPL, has fixed a time schedule for expediting the acquisition and handing over of the new site for the project to RAPL."

37. In the context of above, Department of Chemicals and Petrochemicals submitted in Action Taken Statement :-

"The Department of Chemicals and Petrochemicals has been pursuing with the Government of Assam for expediting the acquisition and handing over of the site of RAPL. In the Review Meeting taken by Secretary (C&PC) on September 4, 2000, the representative of Government of Assam intimated that the notification under Section 4 of the Land Acquisition Act has been issued on September 1, 2000 for acquisition of 1000 acres of land for the site at Laptetkata in Dibrugarh District. Further, it was indicated that the State Government would be in a position to hand over the land for the site to RAPL by December 31, 2000."

38. During the course of examination of Demands for Grants 2001-02, when the Committee wanted to know the latest status of the project and whether the site has been handed over to RAPL, Department stated in a written note :-

"With a view to acquiring the land, notification u/s 4 of the Land Acquisition Act has been issued on September 1, 2000. Issuance of notification u/s 6 of the Land Acquisition Act in respect of 605 acres of land is ready and the notification is expected to be issued as soon as the compensation amount is deposited by RAPL. Environment Impact Assessment and Rapid Risk Assessment Studies have been completed by RRL, Bhopal. RAPL have also obtained "No Objection Certificate" from the State Pollution Control Board. The Gas Supply Agreement between RAPL and Oil India Ltd. has been signed on October 19, 2000 after resolving all outstanding issues. The Gas Supply Agreement between RAPL and ONGC is, however,

still under negotiation. The Department of Chemicals and Petrochemicals has been pursuing with the Government of Assam, Ministry of Petroleum and Natural Gas, RAPL and other agencies for resolution of pending issues."

39. When the Committee asked that as facilitator of the Project, what role did the Department play during the last one year to expedite execution of the Project, the Department stated :-

"The Department of Chemicals and Petrochemicals has been constantly reviewing the progress of the Gas Cracker Project and coordinating with the Government of Assam, the Ministry of Petroleum and Natural Gas, RAPL and various other agencies. Pursuant to the decisions of the review meeting taken by the Department on September 4, 2000, RAPL and Oil India Ltd. have signed the Gas Supply Agreement on October 19, 2000. Further, in the review meeting taken by the Department on January 8, 2001, the concerned agencies have been advised to expedite the issues relating to the Gas Supply Agreement (between RAPL and ONGC) and acquisition of land to enable the commencement of implementation of the Project."

40. During the evidence when the Committee expressed their annoyance over undue delay in settling the pending issues, Secretary, Department held out the hope and said :-

"I think, there is no reason for pessimism. They have all given us dates. We have fixed a specific date by which the ONGC has to tie up and then come back to us. If there is a problem, we will come back to you."

41. The Committee recall that the Assam Gas Cracker Project was conceived as a mega project for economic upliftment of North-East Region. Some how, the project has not taken off due to casual approach shown by all concerned agencies. The Standing Committee on Petroleum and Chemicals since the last 5 to 6 years have been persuading these agencies to resolve the outstanding issues and give

concrete shape to the project. Earlier the Committee were informed that the only hurdle in its execution was Gas Supply Agreement between RAPL and OIL. The Committee acted proactively and got this issue resolved. Thereafter an understanding was given that no major issue has been left out and now the project would take off as soon as requisite land was handed over to the Company. So far handing over land was concerned, the Department informed the Committee in August, 2000 that the Government of Assam, in consultation with the District Administration and RAPL, has fixed a time schedule for expediting the acquisition and handing over of the new site to RAPL by December, 2000.

The Committee have now learnt that not only the site has not been handed over to the Company but there was another hurdle in the execution of the Project and that was non-finalisation of Gas Supply Agreement between ONGC and RAPL. The Committee are certainly dismayed if not pessimistic about the future of this project. In Committee's view, the Department as facilitator has not succeeded in its assignment as the project has not moved an inch further since March, 2000. The Committee view this non-performance and inaction on the part of the Department seriously and recommend that the Department should hold monthly review meetings to see that the project takes off at the earliest and in any case before 15th August, 2001. If the Department feels that it is not able to adhere to this schedule, it should report the matter to the Committee well before the target date and suggest a realistic time schedule which should be workable for them.

(Recommendation No. 5)

(iii) *Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985*

42. Following the leakage (in 1984) of the lethal gas known as Methyl Iso-cyanate (MIC) stored in the storage tanks of Union Carbide Factory at Bhopal, causing death and injury to a large number of people of the Bhopal city, various relief and rehabilitation measures were undertaken by the State and the Central Government.

ACTION PLAN FOR THE REHABILITATION OF BHOPAL GAS VICTIMS

43. The Central Government had provided financial assistance to the extent of Rs. 102 crore over a period of 4 years from 1985 for rehabilitation work. Subsequently, the Central Government approved an Action Plan with an outlay of Rs. 163.10 crore for medical, economic, social and environmental rehabilitation of the victims. The major component of the Action Plan was the medical rehabilitation which *inter-alia*, included addition of 785 bed-capacity by constructing 5 new hospitals.

44. A review of the implementation of the Action Plan was undertaken in July 1997, which revealed that many of the rehabilitation schemes were still incomplete. It was decided, in consultation with the Government of Madhya Pradesh, to further extend the period of the Action Plan upto 30.9.1998 and again upto 31.7.99. The Outlay has also been revised to Rs. 258 crore. It has been decided that for subsequent maintenance and recurring expenditure in respect of all the schemes under the Action Plan, the State Government would make appropriate provision in its Annual Plan. The Central Government has released its share of 75% of the outlay.

45. The Supreme Court, *vide* its order dated 3.10.1991, directed that the Union Carbide Corporation (UCC) should fund the construction, equipping and functioning of a hospital for the Bhopal Gas victims for a period of eight years. The company agreed to do so if they were allowed to raise funds by sale of Union Carbide India Limited (UCIL) shares held by them, which were attached by the trial court in the criminal case against the company. Acceding to the request, the Supreme Court directed the sale of shares and released Rs. 65 crore from the proceeds thereof to the company for the purpose. The Government of India made available Rs. 57 crore which were recovered as capital gains tax on the sale of company shares and the dividend on the shares under attachment. The State Government made available 52.34 acres of land (free of cost) and subsequently made available additional 28.45 acres of private land. The Supreme Court, in April 1996, released a further amount of Rs. 187 crore plus interest, from the attached amount, for setting up of additional facilities *viz.* Cardio Thoracic Surgery Unit, Research-cum-Teaching Centre and setting up of upto 10 Mini Units.

46. The major responsibility for execution of economic and rehabilitation scheme is of State Government. A provision Rs. 11.71 crore has been made during the current year's budget as against Rs. 52.14 crore RE of last year. Major component of this provision amounting to Rs. 5.48 crore is for administrative expenses of the office of Welfare Commissioner.

47. During the course of examination, the Committee wanted to know the present status of the criminal proceedings regarding extradition of the accused in the Bhopal Gas Leak Disaster. The Department replied that the extradition of Mr. Warren Anderson, the then Chairman, UCC was pending with the Ministry of External affairs.

48. In reply to a question that how many medical and social schemes related to rehabilitation of gas victims are in progress, the Department submitted in a written note :-

> "According to information sent by the State Government of Madhya Pradesh, 23 medical units are functional where about 4300 patients are being treated every day in OPD. Nearly 2300 patients are admitted in hospitals every year for treatment. Serious patients are also being treated at their residence. Free medicines are being provided to the gas victims. Efforts are being made for fully equipping the Indira Gandhi Mahila Evam Bal Chikitsalaya where Hospital Services Consultancy Corporation have been engaged as consultant. Under the Social Rehabilitation Schemes, widows were given pension; milk was distributed to pregnant women and children; primary and middle schools were repaired and renovated; orphans were brought up and 2486 houses were constructed for gas victims which have since been allotted. A scheme of Rs. 8.5 crore has been formulated to provide safe drinking water in the ten gas affected wards.
>
> The Central Government is regularly monitoring the progress of various schemes sanctioned under the Action Plan for the rehabilitation of Bhopal gas victims. In July 2000, the then

Secretary (C&PC) visited Bhopal and reviewed the progress. The Group of Ministers on Bhopal Gas Leak Disaster is also reviewing these schemes in its meetings. The Central Government also receives monthly statements of expenditure incurred by the State Government on various schemes. Furthermore, the Supreme Court is monitoring schemes under the medical rehabilitation programme through Public Interest Litigation."

49. The Committee were also informed that the Speciality Hospital at Bhopal has become fully equipped and functional except Psychiatry Section.

50. In reply to a query of the Committee, the Department submitted position of settlement of claims as under :-

The Position of settlement of claims as on 31.1.2001

Category	Cases register-ed	Decided	No. of awarded cases	No. of pending cases	Total amount awarded Rs./crore	Total amount dis-bursed Rs./crore	Total No. of claim-ants to whom amount disbursed
01 (Injury)	10,01,723	9,98,226	5,38,651	3,497	1,424.40	1,383.41	5,29,992
02 (loss of livestock)	658	641	230	17	0.11	0.06	136
03 (loss of property)	4901	4847	529	54	0.13	0.11	455
04 (Death)	22,149	21,920	14,683	229	85.15	83.18	
Total	10,29,431	10,25,634	5,54,093	3,797	1,509.79	1,466.76	5,44,509

51. The Committee referred to a press report where it was indicated that the Government of Madhya Pradesh received 10.29 lakh applications for adjudication of compensation claims though the total population of Bhopal at the time of accident in 1984 was 8 lakh. The Department explained the factual position as under :-

> "According to the State Government of Madhya Pradesh, the projected population of Bhopal in 1984 was approximately 7.72 lakhs. According to information available with the Office of the Welfare Commissioner, approximately 6.19 lakh cases were received by the State Government of Madhya Pradesh after the Bhopal Gas Leak Disaster and transferred to the Claim Tribunals. In pursuance of provisions contained in the Bhopal Gas Leak Disaster (Registration and Processing of Claims) Scheme, 1985, a Notification was issued on 2nd December, 1996 inviting fresh claims. In response to the said Notification, about 4.11 lakh claims were received. Thus, a total of 10,29,431 claims were received, out of which 10,26,746 cases had been decided upto 28.2.2001. In addition, 14,422 appeals and 1589 revision petitions are also pending in the Office of the Welfare Commissioner.
>
> With a view to finalising the claims cases expeditiously, it was considered necessary to fix a cut off date by providing period of limitation beyond which the claimants would not be able to apply for restoration of cases. Accordingly, a notification was issued on 5.2.2000 laying down the period of limitation of 60 days from 1st March, 2000 allowing the claimants to make application for restoration of their cases if their cases were rejected due to non-appearance of parties. This notification was challenged in the Supreme Court. The Supreme Court in its order dated 2.3.2001 has directed that in all cases where applications for claims have been dismissed in default or on account of non appearance, a list shall be published in a local newspaper in Hindi and 60 days time given to them to file applications for restoration. The Welfare Commissioner is taking necessary action in the matter."

52. The Committee take note of various activities being undertaken to provide social and economic relief to the victims of Bhopal Gas Leak Disaster. The Committee are of the opinion that the accused should not be allowed to go scot free. The Committee, therefore, recommend that the Department should act in such a manner that the concerned agency(ies) charged with extradition of the accused may succeed. The Committee hope that their views will be conveyed to concerned agency and suitable follow up action will be taken.

(Recommendation No. 6)

53. With regard to functioning of Speciality Hospital, the Committee's feeling is that all is not well. From the representations submitted to the Committee from time to time it appears that victims are not provided necessary medicines and even those which are given are of sub-standard. The Committee recommend that the State Government should look into such complaints and if necessary involve local public representatives in monitoring the proper functioning of the Hospital.

(Recommendation No. 7)

54. In the wake of Bhopal Gas Leak Disaster, the local people suffered heavy physical injuries and many people lost their kith and kin. Obviously, all this has created a great mental stress for the survivors. They do need direct medicines but the role of psychiatrists is of utmost importance. The Committee view with concern that Psychiatry Department of the Hospital has not become functional so far. The Committee urge that this Department should be made fully functional immediately.

(Recommendation No. 8)

55. The settlement of compensation claims has taken an abnormally long time. Surprisingly, the number of claimants is more than the total population of Bhopal at the time of accident in 1984. The Committee view this development as serious and recommend that effective steps should be taken to weed out bogus and false claims, rather such fake claimants should be identified and penalised. For this, Secretariat assistance to the Welfare Commissioner should be strengthened.

(Recommendation No. 9)

(iv) *Institute of Pesticide Formulation Technology (IPFT)*

56. Institute of Pesticide Formulation Technology, a non-profit making organisation was registered under the Societies Registration Act on May 31, 1991. In the ninth year of its operation, the Institute of Pesticide Formulation Technology has been able to consolidate its position by taking its own cadre of technologists, scientists and supporting staff and has been able to attract more projects and contractual work from the pesticide industry. The main objectives of the Institute as outlined in the Memorandum of Association are :-

(i) Development and production of the state-of-the-art user and environment friendly pesticide formulation technologies.

(ii) Promotion of efficient application technologies suiting the exacting requirements of the newer formulations.

(iii) Information dissemination of safe manufacturing practices, quality assurance raw material of specification and source.

(iv) Analytical and Consultancy service.

(v) Fostering the improvement in the qualification and usefulness of pesticide scientists working in the agro-chemical areas.

(vi) Continuing education through specialised training for pesticide personnel.

The Institute is also one of the Technical Coordinator Unit of the Regional Network on Pesticide Production and Information for Asia and Pacific (RENPAP) of the UNDP/UNIDO, in the field of the pesticide formulation technology development and quality assurance.

The Institute functions under four major divisions *viz.* Formulation, Analytical, Bio-sciences and Pilot Plant.

57. In the Budget for 2001-02, Grant-in-aid as planned expenditure amounting to Rs. 1.06 crore has been made as against Rs. 2.61 crore of

the last year. The Institute is expected to generate Rs. 0.50 crore from other sources to meet the total planned expenditure of the current year.

58. The Committee had the impression that the consumption of pesticides is decreasing in India, the Department stated the factual position in a written note as under :-

> "Pesticides are commonly used for controlling various insect pests, diseases, weeds, nematodes etc. Depending upon the incidence of pests on major crops, farmers use various groups of pesticides. In the past, farmers were using calendar based application of pesticides including prophylactic measures before the onset of pest/disease occurrence.
>
> The Government of India has adopted Integrated Pest Management (IPM) as its main plank of plant protection strategy in the country. Since 1980, the Government has made concerted efforts to promote IPM approach among the State extension functionaries and farmers. Major thrust was given since 1994 by organising a large number of training programmes for training the master trainers through season long training programmes on IPM in rice, cotton and other crops as well as by organising Farmers' Field Schools to upgrade the skills and knowledge of agricultural extension officers and farmers at village level. These efforts have had an impact on the minds of farmers who are new applying pesticides on need basis. As a result of efforts of the Central and State Governments, the use of pesticides has come down in a rational manner.
>
> It is also pertinent to mention that farmers are new also using need based neem pesticides and bio-pesticides like NPV, Bt, etc. in place of chemical pesticides.
>
> The reduction in the consumption of pesticides is also attributed to the popularity of low volume pesticides as against high volume pesticides as also due to the ban on use of pesticides like DDT in agriculture and a total ban on use of BHC."

59. In reply to the query of the Committee about self-reliance and availability of pesticides in the country, the Department submitted the following table showing the production, import and export data of pesticides during the last five years :-

Year	Production* (metric tonnes)	Import (Rs. in lakhs)	Exports (Rs. in lakhs)
1994-95	56.90	9115	26426
1995-96	71.88	12899	52323
1996-97	77.25	15938	70167
1997-98	84.15	13895	69173
1998-99	91.18	16607	88215
1999-2000	93.71		

(*Does not include BHC which was banned since 1.4.1997.)

60. It would be seen from the table that India is mostly self-sufficient in pesticides. Exports of pesticides from India are also substantial. Exports worth Rs. 882.15 crore took place in the year 1998-99. As against this the import of pesticides was Rs. 166.07 crore during this period. Thus the import is less than 20% of the export value. The imports increase from Rs. 91.15 crore to Rs. 166.07 crore during the period 1994-95 to 1998-99. The means increase of 82%. During the same period, the exports increased from 264.26 crore to Rs. 822.15 crore which was an increase of 211%.

Only a few new generation pesticides are imported. A number of pesticides are imported as imports for export after value addition.

61. IPFT has also state of art facilities available in its Institute and is engaged in making researches. The Committee wanted to know as to

what extent researches made in the laboratory of the Institute are translated for use in the fields. The Department replied :-

> "IPFT is developing user and environment friendly pesticide formulations based on water in order to replace such formulations based on petroleum products and organic solvents which are not biodegradable. The IPFT has so far developed user and environment friendly pesticide formulations based on specific pesticides sponsored by the industry. The industry in turn, is making use of these technology for developing new products. IPFT has developed 23 different pesticide formulations.
>
> The research work carried out by the analytical division is aimed at preparing impurity analysis and shelf-life date generation of pesticides and their formulations which are sponsored by the industry. Such data is being used by five leading pesticide manufacturers in the country."

62. The Committee were also informed :-

> "IPFT has developed wettable powder/granules, water dispersable granules, suspension concentrate and oil flowable formulations of two biocides namely Bascillus sphaericus and Bascillus thuringiensis for the control of malaria vectors and agricultural crop pests. Field trails are under way.
>
> As regard development of user and environment friendly water based pesticide formulations, the institute has developed some formulations which are being utilised by the leading pesticide manufacturers in India."

63. During the evidence of the representatives of Department, the Committee shared their perception of effectiveness and availability of pesticides in the country. The Committee observed that on the one side the scientists claim to have developed new formulations as per changed need of the agriculture, environment etc. etc. On the other hand, farmers complain that the available pesticides as not effective. The Committee appreciate the activities of IPFT but would advise them to pursue their researches after knowing the needs of agriculturists/farming community first hand. For this, there should be proper institutional system through which researchers and farmers' interact between themselves.

(Recommendation No. 10)

64. The Committee learn with satisfaction that IPFT is developing user and environment friendly pesticide formulations based on water. It has also developed wettable powder/granules etc. for which field trials are under way. The Committee would remind the Institute that time is the essence of success and these trials should be conducted expeditiously so that these are available for use in the fields.

(Recommendation No. 11)

65. The Committee would also like to see that state of art facilities available with the Institute is made use of by the private industry. The Committee recommended that the Department should formulate schemes to attract private industry towards this.

(Recommendation No. 12)

(v) *Chemical Promotion and Development Scheme (CPDS)*

66. A provision of Rs. 40 lakh as planned expenditure has been made in the current year's as against Rs. 9 lakh (RE) of the last year. The Government sought enhancement of provision under the above scheme and explained the reasons for this as under :-

> While formulating the Budget for the year 2001-02, two schemes which operated in the year 2000-01 and a similar scheme proposed for the Petrochemical were merged and combined under the Chemical Promotion and Development Scheme. Our proposal was earmarked to Rs. 17 lakh for Chemical Export Promotion Scheme, Rs. 16 lakh for Chemical Promotion and Development and Rs. 17 lakh for Petrochemical Export Promotion Scheme. During discussions to finalise the annual plan, it was agreed to combine all these schemes under at single Head approved under the 9th Five Year Plan. This Head of Budget is the Chemicals Promotion and Development Scheme. The provision of Rs. 40 lakh, which looks much higher than the Rs. 9 lakh for last year under this Scheme, is thus an exercise in amalgamation of similar schemes with a view to provide greater synergy and flexibility. The amount provided is

considered adequate for the purpose. The schemes/activities undertaken to promote and develop Chemical Industry typically include the following :-

(i) Equipping the Departmental officers to reorient themselves from the regulatory to developmental role. Sponsoring officers for necessary training programmes, seminars, etc. for this purpose.

(ii) Projecting the strength of the Indian Chemical Industry in the course of deliberations in the Joint Commissions, Bilateral Negotiations, etc. with countries where potential market for chemicals exists.

(iii) Participation and sponsorship of seminars, conferences, etc. aimed at spreading the awareness of issues like intellectual property, changing nature of international competition, issues relating to anti-dumping, safeguards, etc.

(iv) Commissioning studies to assess the nature and extent for Governmental support for specific contemporary problems being faced by the Industry.

67. In the another context, the Department apprised the Committee of setting up knowledge parks to provide a favourable environment for setting up R&D units to promote research activity in the country. It was further stated that number of States were interested in setting up such parks.

68. The Committee find the objectives of Schemes, namely, promotion and development of Chemical Industry as laudable and note that such Schemes were already under implementation in one form or the other. The Committee do not have any objection to amalgamation of previous schemes into one but would like to know whether any evaluation of the previous Schemes has been done. The Committee recommend that there should be regular evaluation of promotion Schemes to see whether objectives for which these are framed are being achieved.

Further, some of the States are also engaged in the similar exercise. The Committee urge the Department to integrate its promotion Schemes with State Governments to derive maximum advantages for the industry.

(Recommendation No. 13)

(vi) *Pharmaceutical Research and Development Programme (PRDP)*

69. In the Budget Estimates for 2001-02, Grant-in-aid amounting to Rs. 21.00 lakh has been provisioned for this programme as against Rs. 16.00 lakh of last year. Regarding utilisation of this fund, the Department informed that in the current financial year the fund has been utilised for (a) making payment to scientists of their TA/DA who had attended a seminar chaired by Minister (Chemicals and Fertilisers) with the scientists of R&D Laboratories; (b) it was also utilised for partially funding a techno-economic viability study of M/s. Bengal Immunity Ltd., a sick public sector undertaking; (c) It is also proposed to partially fund the organising of an international R&D seminar, in India Chem 2002.

It has also been felt that the Budget provision for PRDP, which is under the Plan-Head may be provided under the non-plan head for providing more flexibility for using the said financial allocation.

70. The Committee's opinion is that Budgetary provision under this programme is being fully utilised for meeting administrative/ Secretariat expenses like TA/DA etc. etc., whereas the programme as nomenclature stands is for Research and Development. The Committee recommend that the Department should have relook at this programme and make it broad-based with real intent of Research and Development in place of Seminar-Conferences. The Committee agree with the preposition that Budget provision should be under non-plan Head instead of 'Planned'.

(Recommendation No. 14)

(vii) *Pharmaceutical Export Promotion Scheme (PEPS)*

71. An Export Promotion Cell in the Pharmaceutical division has been created with the objective of boosting pharmaceutical export and

to act as a nodal centre for all queries/issues regarding pharma exports. The PEPS envisages operation of Pharmaceutical Export Promotion Cell (PEPC) to act as a Central agency to promote export of Pharmaceuticals. A mere sum of Rs. 3.00 lakh has been provided under this Scheme as Grant-in-aid and that too on meeting administrative expenses. The Department has intimated that the funds provided are adequate for meeting the expenses for undertaking this various activities under the Scheme.

72. The Committee found that in the year 1998-99, exports of drugs registered an increased of about 15% over the previous year but in the subsequent year it declined to 6%. The Department did not take this as decline but insisted that exports in effect have increased. The following Table supports its contention :-

(Rs. in crores)

Year	Targets			Actuals
	Bulk Drugs	Formulations	Total	
1997-98	1581	1499	3080	5419.32
1998-99	1897	1649	3546	6256.06
1999-2000	2277	1814	4091	6631.00*
2000-2001	2732	1995	4727	

*Upto period for which data is available.

73. The Department admitted that though the exports have increased yet the growth rate in exports in 1999-2000 has come down in comparison to the last year. The Department explained the reasons for this :

(1) International competition

(2) High cost of registration of drugs

(3) Drop in international prices in some of the products

(4) Enforcement of product patent system by many importing countries

(5) Overall decline in the demand of generics in many countries.

74. Regarding functioning of PEPC, the Committee were apprised as under :

> "The Pharmaceutical Export Promotion Cell (PEPC) acts as nodal centre for assisting pharmaceutical exporters at the Government level and to address specific issues raised by them. About 60 countries profiles and valuable information useful to exporters have been compiled and passed on to industry associations who have further disseminated it among their members. Procedural details regarding regulation of pharmaceutical imports in various countries available with PEPC are shared with exporters based on specific request. Reports on unfair quality complaints against Indian exporters are taken up by PEPC with individual exporters and the relevant information is passed on to the Indian missions abroad for remedial action. The representatives of PEPC participate in various inter-Governmental Commissions and other such fora to promote the cause of Indian Pharmaceutical Exporters. The Cell has also organised a workshop to promote awareness about quality requirements among the exporters."

75. From the Exports data, the Committee observe that there is marked increase in exports of Pharmaceuticals and Fine Chemicals during the last three years from Rs. 5419.32 crore in 1997-98 to Rs. 6631.00 crore in 1999-2000. It is generally said that two industries namely; information Technology and Pharmaceutical Exports are poised for mega jump in export market. It indicates that for pharmaceutical exports psychological marketing conditions in International market are available and to tap these conditions favourably, strategic marketing plan is needed. PEPC can do a lot in this field. The Committee would like the PEPC to study the functioning of Trade Fair Authority and follow some of its mechanism especially collection, maintenance and dissemination of relevant data of foreign countries.

(Recommendation No. 15)

76. The Committee find the reports on unfair quality of Pharmaceuticals exports as disturbing. Such cases should be severely dealt with. The Committee recommend that Exporters who indulge in export of substandard medicines should not only be black listed but penalised under the provisions of law. If needed, an appropriate law be enacted for the purpose.

(Recommendation No. 16)

(viii) *National Institute of Pharmaceutical Education and Research (NIPER)*

77. As a part of the economic package for the Stage of Punjab, a Registered Society in the name and style of the National Institute of Pharmaceutical Education and Research (NIPER) was set up in Mohali (Punjab) on the 27th February, 1991. The institute is located at SAS Nagar, Mohali near Chandigarh on the 130 acres of land provided, free of cost, by the State Government of Punjab.

NIPER has been conceived as a mother institution to set standards of excellence for pharmaceutical colleges and for research and development in the field of pharmaceuticals. It will be the first national level institute in India in the field of pharmaceutical sciences.

78. The National Institute of Pharmaceutical Education and Research has been declared as an institute of National importance by the NIPER Act, 1998 on 26.6.1998. Out of the 10 departments proposed to be set up 7 have become functional. The institute is concentrating on masters, doctoral and postdoctoral programmes. The degrees awarded by the institute are (a) M. Pharm, (b) M. Tech (Pharm), (c) M.S. (Pharm) and Ph. D. First batch of Masters students graduated in December, 1999. All the Masters students who graduated in December, 1999 have joined reputed pharmaceutical companies and a few have joined academic institutes. The feedback received from the industries/institutes is very encouraging. NIPER has made a good beginning by getting sponsored projects from the Indian Pharmaceutical Industry in the areas of bio-availability studies, stability studies, impurity profiling of bulk drugs, the process development of bulk drugs and toxicity studies etc. NIPER has also started getting projects from multi-national companies and WHO.

79. As against the approved outlay of Rs. 82.50 crore for this project during the Ninth Plan, it is likely to incur an expenditure of Rs. 41.50 crore till the end of first four years of Plan period. In the 5th year of the plan, a provision of Rs. 14.80 crore has been made in the current year's budget.

80. Explaining the reasons for non-utilisation of planned outlay, the Department stated :-

> "The revised cost of estimate for NIPER project was approved in October, 1997. Due to time lag in finalisation and communication of the approved outlay by the Government, the expenditure in the initial project period was retarded. In 1999-2000, the construction activities of the Institute were held up for about 6 month due to some dispute with the contractor. Apart from these reasons, pre-operative expenses have also been less than originally envisaged because only 6 out of originally planned 10 departments could be made functional. The seventh Department, namely, Pharmaceutical Analysis has started functioning only in January, 2000. The remaining three departments, namely, Pharmacy Practice, Pharmaceutical Management and Pharma Education Development could not be started due to non-availability of appropriate faculty within the country."

81. Asked as to how the current year's Budget is likely to be utilised. The Department furnished the following table showing broad items of work for which amount is earmarked :-

(Rs. in lakhs)

Buildings	438.46
Furniture and Fixture	63.75
Air-conditioning	30.25
Equipment	314.84
Pre-operative	562.50
External Service	70.20
Total	**1480.00**

82. The Committee wanted to know to what extent the Institute is fully equipped and functional and what are the further schemes in this regard, the Department replied :-

"Creation of infrastructure facilities :

As on day, the infrastructual facilities created in the institute in the form of buildings are Teaching and Research block (6), Library (5 storeyed), Guest House, Seminar Halls, Hostel Blocks, Secretariat Buildings, Director's Residence, Type-III, IV, V and VI quarters, Dispensary, Cafeteria, Auditorium, Parking Lot, Main Bridge, Compound Wall including security check post at the Main Gate.

As on date, six teaching and Research Blocks housing 7 departments with full fledged laboratories *viz.* Medicinal Chemistry, Natural Products, Pharmaceuticals, Pharmaceuticals Technology, Pharmacology and Toxicology, Biotechnology and Pharmaceutical Analysis are fully functional. Other three departments, *viz.*, Pharmacy Practice, Pharmaceutical Management and Pharma Education Development are also expected to be functional by 31.03.2002. The cost of imported and indigenous equipments procured and installed in these laboratories is to the tune of Rs. 1706.58 lacs.

Human Resources

Out of 279 positions both technical and non-technical, created/ sanctioned by the Ministry/Board of Governors, 90 positions have been filled as on 31.12.2000.

Academic activity

The Master's programme has also been started from the academic session, July, 1998. Thereafter, regular admissions to both Master's and Ph. D. Programmes are made in the month of July every year. The intake capacity of the Institute is 100 students both Master's and Ph.D. every year.

Major Research activities

During the past few years, the Institute is concentrating on research programmes in the disease areas like malaria, tuberculosis, leshimania, diabetics etc. which are relevant to our country. The focus is also on developing novel dosage from the existing drugs to have better therapeutic compliance. A separate department has been created to cater to the needs of the development and standardization of herbal products.

Interaction with the industry and other organizations (Indian as well as foreign)

NIPER is also trying to interact with a number of international organizations like WHO, World Bank, UNIDO, TOPCAD and some multi-national companies for development and research projects. Some of these projects have already begun. The Institute has a number of sponsored projects (around 20) from both national and international organizations."

83. The Committee were also informed that the Institute has endowment fund of Rs. 316.50 lakh as on 31.12.2000 and had 9 sponsored projects during last year from within the country. Two projects from international agencies were also completed during last year.

84. The Committee note that NIPER has been conceived as a mother Institution to set standards of excellence for pharmaceutical colleges and for research and development in the field of pharmaceuticals. The Institute is concentrating on Masters, doctoral and postdoctoral programmes. The degrees awarded by the Institute are M. Pharm, M. Tech (Pharm), M.S. (Pharm) and Ph.D. First batch of Masters students graduated in December, 2000 have joined reputed Pharmaceutical Companies.

85. The Committee find that construction activities were held up for 6 months due to some dispute with the contractor. The Committee hope that now with the resolution of dispute, the entire pending construction work would be completed within the time schedule.

(Recommendation No. 17)

86. The Committee note with concern that some of the departments of the Institute could not become functional due to non-availability of appropriate faculty within the country. Amongst other reasons, one of the reasons may be that eligible persons are reluctant to join the Institute due to poor salary package being offered by the Institute. The Committee recommend that the Institute should consider offering attractive salary package along with perks to attract talented persons in the country as well as NIR. For this, if any amendment to existing laws/rules is necessary, it should be done. In any case the excellence of the Institute should be ensured and hurdle, if any, in this way should be removed. The Committee recommend that the Department should play proactive role in this regard.

(Recommendation No. 18)

(ix) *National Pharmaceutical Pricing Authority (NPPA)*

87. National Pharmaceutical Pricing Authority (NPPA) an independent body of experts was established on 29.8.1997 under the Ministry of Chemicals and Fertilisers, Department of Chemicals and Petrochemicals. The Authority is entrusted with the task of price fixation/revision and the other related matters such as monitoring the price of controlled and decontrolled drugs and formulations and enforce and implement the provisions of Drugs (Prices Control) Order (DPCO), 1995 :

The functions of the National Pharmaceutical Pricing Authority are

(1) To implement and enforce the provisions of Drugs (Prices Control) Order, 1995 in accordance with the powers delegated to it.

(2) To deal with all legal matters arising out of the decisions of the Authority.

(3) To monitor the availability of drugs, identify shortages, if any, and to take remedial steps.

(4) To collect/maintain data on production, exports and imports, market share of individual companies, profitability of companies etc. for bulk drugs and formulations.

(5) To undertake and/or sponsor relevant studies in respect of pricing of drugs/pharmaceuticals.

(6) To recruit/appoint the officers and other staff members of the Authority as per rules and procedures laid down by the Government.

(7) To render advice to the Central Government on changes/ revisions in the drug policy.

(8) To render assistance to the Central Government in the parliamentary matters relating to the drug pricing.

Performance since inception

The National Pharmaceutical Pricing Authority (NPPA) has revised the prices of 56 scheduled bulk drugs (40 bulk drugs *plus* 16 derivatives) and 1235 formulation packs since inception. Out of these, the prices of 14 scheduled bulk drugs (12 bulk drugs and 2 derivatives) and 188 formulations were fixed/revised during the period April 2000 to 15th November, 2000.

88. A sum of Rs. 3.75 crore has been provided as non-planned expenditure in the current year's budget as against Rs. 3.59 crore of the last year. The major components are salary (Rs. 1.52 crore) and rent (Rs. 1.10 crore).

89. The Committee wanted to be acquainted with the types of constraints, the authority is experiencing in fulfillment of its obligations. It replied as under:

Constraint due to limited manpower

As per the Resolution creating the NPPA, it would consist of a Chairperson in the status of the Secretary to the Government of India, Members having expertise in the field of pharmaceuticals, economics and cost accountancy and Members Secretary in the status of Joint Secretary/ Additional Secretary to the Government of India. However, at present the manpower in NPPA consists of 46 officers/officials against the sanctioned strength of 60 posts. At the decision making level also the posts of Members are required to be sanctioned and filled up. The shortfall of 14 in the staff strength is required to be filled up urgently.

As per the Drugs (Prices Control) Order, 1995 there are 74 bulk drugs listed in its First Scheduled, whose prices along with that of formulations based on them are to be fixed/revised by the Government. Price fixation/revision is a continuous activity. Due to limited staff, NPPA is experiencing difficulties in the fixation of prices of scheduled bulk drugs and formulations.

Constraint due to Non-submission of statutory returns

The Drugs (Prices Control) Order, 1995 in its Second Schedule has prescribed, *inter-alia*, several returns like Form-I for submitting information on scheduled bulk drugs, Form-II for submitting information on non-scheduled bulk drugs, Form-V for submitting information on price list and Form-VI for submitting information on turnover and allocation of sales and expenses. However, majority of the companies are not found to be submitting the returns regularly except in the case of Form-V.

In the case of Form-V also the companies are to be reminded to submit the same. NPPA has been issuing how cause notices from time to time to the defaulting companies for not submitting Form-I, Form-II and Form-VI, the latest show cause notice was issued on 9.3.2001.

In order to fix the price as per para 3 of DPCO, 1995, the cost price study in respect of scheduled bulk drugs are undertaken by NPPA. In this regard, questionnaires to bulk drug manufacturers are issued to collect the requisite data/information. But poor response from the manufacturers has been observed.

Constraint on account of violation of DPCO and court cases

The enforcement of provisions of DPCO is done by NPPA itself and also through the State Drug Control Organisations. However, the Pharmaceutical Industry's attitude towards NPPA/DPCO 1995 is posing to be a constraint in the effective enforcement of notified prices and monitoring of prices of non-scheduled formulations. Several manufacturers have filed writ petition in various High Courts against the drugs included under price control/or prices fixed by Government for scheduled formulations.

Due to stay orders from the court, NPPA is facing the constraint in the enforcement of the notified price in respect of the same as mentioned above.

Constraint in Monitoring

Monitoring is a continuous and on going exercise. In the light of the fact that there are a large number of formulations (approx. 60,000) manufactured by about 20,000 units, it is difficult for NPPA with limited manpower to monitor the prices of all the non-scheduled formulations. NPPA therefore, needs the cooperation from the industry where they are required to comply with the statutory requirements of DPCO-1995 by regularly submitting the returns. However, in spite of repeated reminders/ Press releases, the compliance by the industry is lukewarm. NPPA has been making efforts to monitor prices of non scheduled formulations by utilising information available from various published sources like Monthly Retail Store Audit Report on Pharmaceuticals by ORG-MARG, Medical magazines like MIMS, Drugs today, IDR etc. NPPA is also regularly interacting with State Drug Controllers. The State Governments have also been expressing that they are facing the constraint of staff shortage and computer infrastructure.

The Government, in the Union Budget, 2001-02, has announced the decision to reduce the span of price control substantially. However, keeping in view the interest of the weaker sections of society, Government will retain the power to intervene comprehensively in cases where prices behave abnormally. In view of the above announcement, monitoring assumes special significance. Accordingly, the monitoring system requires to be strengthened.

90. When specifically asked, whether review of functioning of the authority is needed to assess the achievement of objectives for which the authority was established, the Department replied:

> "The NPPA is largely adhering to the mandate of the Government to fix the prices in a time bound manner as prescribed under Drugs (Prices Control) Order (DPCO), 1995. The DPCO has been issued by the Government in exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 (10 of 1995). The DPCO, 1995 was promulgated on 6th January, 1995. At present, there are 74 bulk drugs as given in the First Schedule of DPCO'95, which alongwith formulations based on them are under price control. The NPPA also takes into account the objectives of the Drug Policy.

NPPA has been adopting a consumer and industry oriented approach in its functioning aiming at balancing the interests of both by ensuring reasonable prices for medicines as envisaged in the objectives of Drug Policy, as well as margins of profit for manufacturers as prescribed in the DPCO. In pricing of drugs, NPPA has been following the established procedures of costing and accounting, and whenever required also keeps in view the changing economic scenario."

It is worthwhile to mention that the Department of Chemicals and Petrochemicals *vide* their letter No. 12/46/2000-PI-I dated 8.2.2001 constituted a Committee of experts to undertake a study of the methodologies adopted by NPPA in performing its functions and to make suggestions, wherever necessary for improving the functioning of the NPPA. The Committee comprises of Chairman, NPPA as the Chairman of the Committee. Additional Chief Advisor (Cost), Department of Expenditure as member and a nominee of the Chairman, Tariff Commission as the convenor. The Committee is required to submit its report within two months from the date of constitution. However, the Committee has not started functioning as the post of Chairman, NPPA is vacant at present.

91. The Committee note that the National Pharmaceutical Pricing Authority (NPPA), an independent body of experts, was established with the task of price fixation/revision and the other related matters such as monitoring the price of controlled and decontrolled drugs and formulations and enforce and implement the provisions of Drugs (Price Control) Order DPCO, 1995.

92. The Committee also note that NPPA has revised the prices of 56 scheduled bulk drugs and 1235 packs formulations since inception. The Committee further note that the authority, in performing its task is facing some of the constraints such as limited manpower, non-submission of statutory returns, violation of DPCO and court cases and non-cooperation by the industry in monitoring of the prices of all the non-scheduled formulations. The Committee do not find any reason for non filling the positions against the sanctioned strength. The Committee recommend that all vacant positions in the authority should be filled up and process in this regard should start immediately.

(Recommendation No. 19)

93. The Committee view with concern other constraints *viz.* non-submission of statutory returns, violation of DPCO and non-cooperation of Industry in monitoring the prices. The Committee find that because of these constraints, the authority is not able to fulfil its duties satisfactorily. The Committee urge the Government to constitute an expert body whose job should be to study all these constraints and recommend suitable and pragmatic measures to remove them. The body should be asked to submit its report within 3 months of its constitution.

(Recommendation No. 20)

94. The Committee note that the Department of Chemicals and Petrochemicals has constituted in February, 2001 a Committee of experts to undertake a study of the methodologies adopted by NPPA in performing its functions and to make suggestions, wherever necessary for improving the functioning of NPPA. However, the Committee has not started its work although it was required to submit its report within two months from the date of constitution. The Committee urge the Department to make this body functional immediately and submit its report latest by 30th June, 2001.

(Recommendation No. 21)

D. CAPITAL SECTION

Investment and Loans to PSUs

(Major Heads 4856, 4857, 6856 and 6857)

95. These 'Heads' are used for the following purposes:

4856	:	Capital outlay on petrochemical industries
		Capital outlay on chemical and Pharmaceuticals industries
		Loans for petrochemical industries
6857		Loans for chemical and Pharmaceuticals industries

Major Head 4856, 4857

96. The following table shows the provision for different PSUs under the above 'Heads':-

(Rs. in lakhs)

Year		PSUs							
		PCL	HIL	HOCL	IDPL	HAL	BCP	SSPL	BIL
1999-2000	(Actuals)		275.00				150.00	150.00	
2000-2001	BE	1.00	474.00		1.00	1.00	150.00	125.00	1.00
2000-2001	RE	1.00	279.00		1.00	1.00	150.00	125.00	1.00
2001-2002	BE	1.00	250.00	250.00	1.00	200.00		1.00	1.00

The following table shows the provision for loans for various PSUs

(Rs. in lakhs)

Year		PSUs							
		PCL	HIL	HOCL	IDPL	HAL	SSPL	BCPL	BIL
999-2000	(Actuals)	1983.00	275.00	–	6159.00	150.00	388.00	250.00+ 100.00	602.00
2000-2001	BE	1008.00	474.00		3500.00	150.00+ 1.00	234.00	125.00+ 1.00	342.00
2000-2001	RE	7411.00	280.00+ 389.00		6200.00	150.00	388.00	125.00+ 60.00	602.00
2001-2002	BE	165.00	255.00	250.00	3100.00	200.00	193.00		301.00

+Non-plan.

Petrofils Cooperative Limited (PCL)

97. Petrofils Cooperative Limited (PCL) was registered in 1974 as a society under the Delhi Cooperative Societies Act, 1972 and was registered under the Multi-State Cooperative Societies Act, 1984, in January, 1988. PCL has two units one at Vadodara and the other at Naldhari in the State of Gujarat.

The principal objective of PCL was to provide the benefits of modern technology of polyster filament yarn to the weavers in the cooperative sector. The Government decided on 30th October, 2000 to wind up PCL and offer Voluntary Separation Scheme for its employees. PCL has the manpower strength of 1965 as on 31.03.2000. Loan provision of Rs. 1.65 crore has been made in the budget.

All the employees of PCL are being relieved from 17.03.2001 and the benefits of VSS and other terminal benefits are being paid to them. The Society will formally close from 18.04.2001.

98. During the evidence, the Committee wanted to know the methodology adopted in offering VSS. The witness responded :

> "As you are aware, the Government of India has a VSS scheme which provides for a certain amount to the workers on their being separated from the company. The workers had some concerns over it. They came up with a proposal where there is a Gujarat package which can be more beneficial to some categories of employees with lesser service which should be considered. So, the Government of India gave an option that either of the schemes can be chosen by the workers. All of them gave their options. Majority of them gave the Gujarat package. All those applications have been received."

99. The Committee wanted to know whether valuation of assets of the Society has been made. The Department replied :

> "In 1997, PCL, engaged M/s Dalal Consultants and Engineers Limited of Bombay of work out the replacement value of the assets except those located at Naldhari and Ankleshwar. Together with the written down book value of Naldhari and Ankleshwar, the assets of the Society were estimated at Rs. 445.55 crore. No further valuation has been made."

100. During evidence, the Committee wanted to know specifically the reasons for not updating the valuation of assets. The witness replied :

> "It was decided in this case that whatever be the valuation of assets, if these cannot give profit and generate money to give wages to the labourers, these assets are not productive in long term sense."

Queried about the productivity of these assets, the same witness said

> "I would not say they are unproductive. But the point is under the law, a liquidator will be appointed by the department of Cooperation under the Multi-State Cooperative Society."

101. The Committee do not appreciate the decision taken by the Government to wind up PCL. The Committee feel that it is a set back for the Cooperative movement. The Committee are, not agreeable with the decision of the Department that valuation of assets done in 1997 was final and any further action in this regard was to be taken by Liquidator. The Committee direct that before the role of Liquidator begins, re-valuation of the assets should be got done.

(Recommendation No. 22)

Hindustan Insecticides Limited (HIL)

102. HIL was incorporated in 1954 and set up its factory in Delhi for manufacture of DDT. This plant came as a gift from WHO and went into production in April, 1955. The Company is engaged in production of insecticides, agro pesticides and eco-friendly pesticides and has plants at various places.

As per order of Hon'ble Supreme Court, the Delhi Unit of the Company stopped functioning *w.e.f.* 30.11.1996. The site for relocation of Delhi Unit has been selected at Bhatinda in Punjab and land for the plant has been acquired. The plant having the State of the Art Technology is being put up at a cost of Rs. 7.70 crore and on its completion the plant is expected to produce a wide range of eco-friendly and safer insecticides,

weedicides, fungicides in various formulations like solid, granular and emulsifiable concentrates. Loan provision of Rs. 2.55 crore has been made in the current year's budget.

103. The Company's overall production performance is not equal to the installed capacity. When the Committee wanted to know the reasons for this, the Department replied :

> "Products manufactured by HIL, with the exception of DDT, are subject to open market competition. The actual production is, therefore, regulated as per market demand and the capacity of the company to sell them in the face of market competition. As regards DDT, the production is restricted to the orders placed by the Ministry of Health, the sole buyer."

104. Regarding the present status of Bhatinda plant, the Department stated

> "The land for Bhatinda plant was acquired by HIL in July, 1999. The construction of boundary wall and main security cabin as also temporary cabin sheds, etc. have been completed. Equipment from erstwhile Delhi factory has been transferred to Bhatinda where it has been installed and is ready for commissioning after receiving pollution related clearances. Layout plans for the main plant have been approved and civil construction work is expected to start shortly. Technical specifications of the equipment to be procured have also been finalised. The first phase of the project is expected to be ready for trial runs by the end of 2001."

In last year's budget performance report, the Department had intimated that the foundation stone for a pesticides formulation plant was laid on 08.07.1999 and the project would be completed in 12 months.

105. The Committee have the impression that the Bhatinda project is not progressing as per schedule. Foundation stone was laid in July, 1999 but the construction work has not as yet started. The Committee would like to see that the project is completed as per original time and cost outlay.

(Recommendation No. 23)

106. The Committee also feel that the Company is not having competitive marketing network with the result that its overall production performance is not even equal to the installed capacity. The Committee recommend that company should develop marketing network in a manner which competes with private industry in the same sector. The company should aim at full capacity production.

(Recommendation No. 24)

Hindustan Organic Chemicals Limited (HOCL)

107. Hindustan Organic Chemicals Limited (HOCL) was incorporated on the 12th December, 1960 for setting up manufacturing capacities for chemicals/intermediates which are required for production of Dyes, Dye-Intermediates, Rubber Chemicals, Pesticides, Drugs and Pharmaceuticals, Laminates etc. At present more than 500 units based on HOCL's products have been set up all over the country which have not only helped in achieving self-sufficiency but have also entered the international market, earning precious foreign exchange by exporting chemicals, dyes and drugs over a number of years.

The products manufactured by HOCL include Phenol, Acetone, Nitrobenzene, Nitrotoluene, chlorobenzenes and Nitrochlorobenzenes. The raw materials used by HOCL are Benzene, Toluene, LPG, Methonol, Naptha and Sulphur, the majority of which comes from Petroleum Refineries.

HOCL has two units, one at Rasayani (Maharashtra) and the other in Cochin (Kerala). It also has a subsidiary company, M/s Hindustan fluorocarbons Limited located at Rudraram (Andhra Pradesh) for manufacture of Polytetra-fluoro-ethylene (PTFE), a high-technology engineering plastic.

Loan provision of Rs. 2.5 crore has been made in the current year's budget.

108. HOCL had been a traditionally profit making company. However, the changed business environment necessitated the company

to face increasing competition which severely strained the profitability by HOCL. Further, the Company is also burdened with high interest bearing loans. Declining performance of the Company is evident from the following table :–

Year	Production (MT)	Turnover Export (Rs. in Cr.)	Export (Rs. in Cr.	Net Profit/ Loss (Rs. in Cr.)
1994-95	277770	299.58	14.55	27.66
1995-96	304977	383.73	9.61	58.14
1996-97	300182	359.34	7.04	15.64
1997-98	353325	404.34	20.22	(-)5.09
1998-99	340713	349.96	2.21	(-)23.05
1999-2000	323202	421.18		(-)105.02
2000-01 (upto Dec. 2000)	112702	303.13	-	(-)27.67

109. The Government examined proposal for merger of the Cochin Unit of the Company with Kochi Refineries. The Department informed in this context that on examination, it has been recommended to the authorities concerned that the decision of the Cabinet Committee on Disinvestment regarding disinvestment in HOCL as a whole be implemented expeditiously.

110. The Company has also initiated third round of Voluntary Retirement Scheme on 8th March, 2001 as on 20th March, 2001, more than 465 applications have been received under this scheme.

111. The Committee observe that HOCL had been traditionally profit making Company. Somehow, the Company could not sustain profit making and started incurring losses from 1997-98 onwards. The Committee feel that no serious efforts were made to revive the

Company. At one time, the Government examined the proposal to merge Kochi Unit of the Company with Kochi Refineries but the same has been shelved without valid reasons. The Committee recommend that the Government should reconsider this proposal with an aim at merger.

(Recommendation No. 25)

112. The Committee would like to see that the interests of the workers in the Company are safeguarded. So, while implementing VRS, it should be ensured that retirement is in effect voluntary and no worker is coerced and compelled to retire. Retiring persons should be given all their due retiring benefits before they actually retire.

(Recommendation No. 26)

113. Since the Company is under disinvestment, the Committee recommended that updated valuation of its entire assets is carried out before formal process of disinvestment is initiated.

(Recommendation No. 27)

Indian Drugs and Pharmaceuticals Limited (IDPL)

114. Indian Drugs & Pharmaceuticals Limited (IDPL) was incorporated on the 5th April, 1961 with the primary objective of creating self sufficiency in essential life saving drugs and medicines. The company has presently three manufacturing plants, one each at Rishikesh in Uttar Pradesh (now Uttranchal), Hyderabad in Andhra Pradesh and Gurgaon in Haryana. IDPL, has two wholly owned subsidiaries, namely IDPL (Tamil Nadu) Ltd. Chennai in Tamil Nadu and Bihar Drugs & Organic Chemicals Ltd. at Muzaffarpur, Bihar. In addition, IDPL has three joint sector undertakings, promoted in collaboration with the respective State Governments. These are Rajasthan Drugs and Drugs Pharmaceuticals Ltd. (RDPL), Jaipur, Uttar Pradesh Drugs & Pharmaceuticals Limited (UPDPL), Lucknow and Orissa Drugs & Chemicals Ltd. (ODCL) Bhubaneshwar.

IDPL was formally declared sick by the Board for Industrial & Financial Reconstruction (BIFR) on the 12th August, 1992. A revival package for the company was formulated and the package was approved by BIFR on the 10th February, 1994. The revival period was ten years beginning from 1994-95. The cost of the scheme was Rs. 155.10 crores over a period of 4 years beginning from 1993-94 excluding the value of the sacrifices of the Government of India in terms of capital restructuring from 1-4-1993. Additional financial assistance of Rs. 119.94 crore was envisaged in the scheme from the promoters in three years from 1993-94 to 1995-96. As against this, the Government had actually released a sum of Rs. 140.31 crores. IDPL could not achieve the targeted levels of production, sales and profitability in the year 1994-95, the first year of the revival operations. Consequently, the company suggested modifications in the package. The government, therefore, decided to approach the BIFR for a techno-economic analysis of the modifications proposed before any commitment about additional financial assistance was given. The BIFR, on the basis of the performance reports of IDPL, upto September, 1995 and the stand of the Government with regard to the modifications proposed, passed orders under Section 17(3) of the SICA, 1985 appointing the IDBI, Mumbai as the Operating Agency for a techno-economic viability study for long term rehabilitation measures for IDPL.

The report of the Operating Agency indicated that it would not be possible to prepare a viable and acceptable rehabilitation plan for IDPL. The Government had, thereafter been considering various options with regard to the future of IDPL. Although the matter about revival or otherwise of IDPL is before BIFR, which is quasi-judicial body created under an Act of Parliament, the Government of India is separetely doing its best for reviving the PSU. A two member Committee consisting of a member from the industry and a senior officer of the Government had also been constituted to examine the various facets of IDPL and to evolve a suitable methodology for its revival.

However, in the hearing held on 5-7-2000, the BIFR passed directions that 'the Operating Agency would issue an advertisement for change in Management of the Company inviting offers for takeover/

leasing/amalgamation/merger for rehabilitation. The present promoters (Government of India) could also submit an offer/proposal in response to the advertisement issued by the Operating Agency.'

The operations in the main units of IDPL have came to a stand still since October 1996. The wages and salaries of the empolyees and workers of the company are being paid from the loan extended by the Government from time to time.

115. The net worth of IDPL as on 31.12. 2000 is (–) Rs. 1343 crore and its approximate market share in the pharma sector is 0.15%. A sum of Rs. 31 crore has been provided as loan in current year's budget.

116. Regarding the present status of IDPL before BIFR, the Department has informed.

> "In the hearing held on 5.7.2000, the BIFR passed directions for change of management under SICA. Accordingly, the OA was advised to give advertisement for the purpose. To this, there was no response. The BIFR also, explored possibility of recognised unions of IDPL forming one or more workers' Industrial cooperative Societies for revival of the company. The workers declined to form such a cooperative and submit proposals. The BIFR has passed order on 23.2.2001 for issuing a show cause notice before forming its opinion for winding up of the company. Objections/Suggestions to this show cause notice shall be heard on 04.6.2001."

And the Government's response to the directive issued by the Operating Agency in Pursuance of the directive issued by BIFR on 5th July, 2000 was as under:

> "It was decided by the Government that in case a viable proposal from a private party was received in response to the advertisement issued by the Operating Agency, the proposal may be supported by the Government on merits at the appropriate stage."

117. The Committee wanted to know whether Government has initiated any exercise to revive IDPL parallel to the directives issued by BIFR, the Department replied:

> "Government is examining if IDPL can be revived by exploring the possibility of privatising each of its units through the indication of a strategic partner as all its efforts to formulate a viable proposal to revive IDPL as a whole have not succeeded."

118. During the evidence, the Committee specifically wanted to know whether revival of IDPL is viable. To this pointed query, CMD, IDPL replied:

> "Sir, we are of the opinion that it is viable. But it should be viable after some corrective measures are taken."

Elaborating if further, CMD explained:

> "Not only financial measures, but yes, financial measures are also very necessary. Companies cannot be run only on the financial factor. Companies are run on various other factors like marketing, sales, capital market. So, these are all the factors for a Company to run viably."

Reiterating his position, CMD, IDPL stated:

> "Yes, it is viable. That is why we are saying now that three units are to be made separately and they can stand alone. Certainly, it is viable."

Secretary, Department of Chemicals & Petrochemicals, however, reacted to CMD's contention as under:

> "Let me clarify, Sir, that the plan is to be still scrutinised. Financial Institutions have to accept it otherwise they would not give working capital. So, one will have to be convinced before we can treat it as viable."

119. The Standing Committee on Petroleum & Chemicals in their 8th Report (1999-2000) had examined in detail the revival aspect of IDPL and had given certain recommendations in this regard.

The Committee had recommended that all out efforts should be made to revive IDPL including revival on Plant to Plant basis. The Committee had specifically taken serious note of the observations of BIFR in its hearing on 5th July, 2000 which read as under :-

> "..... The Bench noted the Company had been before the Board for more than 8 years and the promoters had not been taking a serious view to rehabilitate it despite ample opportunities having been given to them in that regard that it appeared that the promoters were taking undue advantage of the protection available to them to the detriment of other concerned. Promoters had been allowing the company to drift and to continue incurring further losses..."

120. The Committee had recommended that in inquiry Committee be constituted to measure the role of officers who were associated with the revival of the Company. As follow up action, the Department had intimated that the matter had been taken up by Secretary (C&PC) with Cabinet Secretary highlighting all the relevant developments in case of IDPL.

121. The Committee appreciate that the Government is examining if IDPL can be revived by exploring the possibility of privatising each of its units separately through the induction of strategic partner. The Committee also take note of the views of CMD, IDPL that revival of IDPL is viable. The Committee once again recommend that all the plants of the company should be separated and revived as stand alone units.

(Recommendation No. 28)

122. The Committee have noted that a provision of Rs. 31 crore has been made in the current year's budget which is mainly for meeting the expenses on wages, salaries of staff and officers. The Committee would like to be assured that wages and salaries are paid regularly and for this adequate budgetary provision should be made well in advance.

(Recommendation No. 29)

123. The Committee reiterate their earlier position that they have taken serious note of the observations of BIFR in its hearing on 5.7.2000 when it said that it appeared that promoters were taking undue advantage of the protection available to them to the determinent of other concerned. The Committee again recommend that an inquiry Committee consisting of management experts of IIMs be constituted to evaluate the role of officers who were associated with revival process from middle of 1995 onwards.

(Recommendation No. 30)

Hindustan Antibiotics Limited (HAL)

124. Hindustan Antibiotics Ltd. (HAL), Pimpri, Pune was incorporated on the 30th March, 1954. This was the first Public Sector Company in drugs and pharmaceuticals. HAL has its plant located at Pimpri. There are three joint sector units promoted by HAL in collaboration with the State Governments. The main products of HAL are bulk drug pencillin-G various salts of Pencillin and Streptomycin. The Company produces a wide range of pharmaceuticals formulations including agro-vet products.

HAL has been incurring losses since 1993-94. The Company was referred to the BIFR in January, 1997. The BIFR declared the company as formally sick on 31.3.1997. The BIFR appointed the Industrial Development Bank of India (IDBI), Mumbai as the Operating Agency for a techno-economic viability study and report. The BIFR also simultaneously directed the existing management / promoters to submit their long term revival proposals. The rehabilitatic n proposal prepared by HAL was submitted to the Operating Agency n June, 1997. Based on the proposal submitted by the company, IDBI prepared a rehabilitation scheme at an estimated cost of Rs. 110.64 crore with cut off date as September 30, 1997. However, subsequently revised scheme has been prepared at an estimated cost of Rs. 89.02 crores.

On 22.6.2000, the Bench directed that entire cost of the Scheme be re-worked out with the cut off date as 30.09.2000. A draft rehabilitation scheme has been submitted by the Operating Agency to the BIFR

subsequently in September, 2000. Separately, the Deptt. of Chemicals and Petrochemicals is also finalizing its stand relating to the reliefs and concessions envisaged from the side of the Government of India. In the meanwhile, HAL has showed improvement in performance in 1998-99 and 1999-2000.

125. Regarding the latest position of rehabilitation scheme, the Department informed :

> "The Operating Agency had worked out a rehabilitation scheme for HAL with the cut off date of 30.9.2000. The proposals contained therein had since been considered by a Group of Secretaries headed by Secretary (C&PC) on 1.2.2001 and it was decided that MD, HAL would frame a revised proposal with reduced exposure of Government of India. This has been submitted by the MD, HAL and is under examination by the Deptt. of C&PC in consultation with the Ministry of Finance."

A sum of Rs. 2 crore has been provided in current year's budget as loan.

126. The Committee are happy to note that HAL has showed improvement in performance in 1998-99 and 1999-2000. The Company's main products, bulk drug Pencillin-G, various salts of Pencillin and Streptomycin, once were rated very high in the pharma sector but over a period of time, the Company could not compete in the liberalised economy and suffered losses. The Committee recommend that the Government should extend all financial help in the form of rehabilitation scheme to see that the company regains its past glory.

(Recommendation No. 31)

Smith Stanistreet Pharmaceuticals Limited (SSPL)

127. SSPL manufactures pharmaceutical formulations viz. tablets, capsules, Parenterals, liquid orals etc. It has its manufacturing plant at Kolkata. The company was formally declared sick by BIFR on 21st December, 1992.

The BIFR, on the basis of the report of the Industrial Reconstruction Bank of India (IRBI) (now the Industrial Investment Bank of India) (IIBI), Kolkata, the Operating Agency appointed by it and the support extended by the Government of India approved of revival package on the 31st August, 1994 for a period of ten years beginning from 1994-95.

The performance of the company in the first three years of the revival period had been far below the targets for a variety of reasons including shortage of key manpower. The BIFR reviewed the implementation of the scheme in a hearing held on 3.7.1996. The BIFR noted that the performance in 1994-95 and 1995-96 was far behind the targets. The BIFR however, taking into account the efforts being made by the management and the promoters, took the view that progress could be watched for some more time. The BIFR decided that the projections for the year 1996-97 to 2003-2004 would need reworking and passed directions to the Operating Agency (IIBI), Calcutta to rework the projections. The BIFR also directed the SSPL management and promoters to furnish revised projections to the Operating Agency. The company prepared the revised projections and forwarded the same to the operating Agency (IIBI), Kolkata. The report of the Operating Agency (IIBI), indicated that the company would need extraordinary levels of support and sacrifices from the Government and others for revival.

BIFR held a review hearing on the 17th October, 2000, for SSPL and declared that sanctioned scheme as failed and *inter-alia* directed the Operating Agency (IIBI) to issue advertisement inviting offers for the takeover/leasing/amalgamation/merger for rehabilitation of the company. The present Promoters (Government of India) could also submit a rehabilitation proposal in response to the advertisement. Pending decision on the revival of the company, the Government is releasing non-plan support from time to time to the company to enable it to meet the wages/salary commitments for its employees.

Loan amounting to Rs. 1.93 crore has been provided in the current year's budget.

128. Regarding the present status of the company before BIFR and Government's plan to rehabilitate it or change of management, the Department apprised the Committee as under :

> "A rehabilitation scheme was sanctioned by the BIFR for SSPL on the 31st August, 1994. The BIFR held a review hearing of SSPL on the 17th October, 2000 and after considering the facts and submissions in the case the sanctioned scheme was declared as failed and directions were given to the Operating Agency, *viz.*, IIBI to issue advertisements in four National dailies and two regional dailies where the company is headquartered inviting offers for the takeover/leasing/ amalgamation/merger for rehabilitation of the company, with or without one time settlement of the dues of Financial Institutions and Banks, giving three months time for submissions of offers. The advertisement has been issued in the Newspapers in West Bengal on the 9th February, 2001 giving three months time to apply in response to the offer. With a view to considering the feasibility of responding to the advertisement referred to above, a revival proposal was obtained for the Company. The same is under consideration of the Government. Pending a decision on the future of the Company, the Government is meeting the salary and wage bill of the company through Non-Plan Assistance.

129. During the course of evidence, Secretary informed

> ".... In the case of BIL and SSPL, the packages that we have seen do not inspire much confidence. But still if you find the part of the company can be worked as profitable proposition, the tendency of the Government would be to same either the whole or part, whatever is possible."

130. The Committee note that the Company has prepared a revival package which is under examination of the Government. The Committee appreciate that the Government's tendency would be to save either the whole or part of the company. The Committee hope that ultimately the government will approve revival package which would make the company viable.

(Recommendation No. 32)

Bengal Immunity Limited (BIL)

131. The company came into being in October, 1984 as a public sector undertaking. The Company has two manufacturing units one at Kolkata and the other at Dehradun. The main products of the Company are Sera Vaccines and Toxoids. The Company was formally declared sick by BIFR on 9th March, 1993. A revival package for a period of 10 years beginning from 1994-95 was offered but it did not work and has been declared a failure on 3.1.1995. As per directions of BIFR, a techno-economic viability study of the Company has been conducted which is pending with the Government since July, 2000. Pending a decision on the future of BIL, non-plan assistance in the form of loans is being released by the Government for payment of wages/salaries of the employees of the company.

A provision of Rs. 3.01 crore as non-plan loan has been made for the company in the budget for 2001-02.

132. During the course of evidence, the Committee referred to certain reports like seizing bank accounts etc. etc. Secretary of the Department apprised the Committee:

> "Sir, we took it immediately when it was brought to our notice Labour Secretary has written to me saying that he is reviewing the whole matter, it was not in the interest of labour that they were doing this. But we told them that they cannot seize their bank accounts in the interest of labour because whatever money we are giving will also get seized.... ."

133. The Committee note that a techno-economic viability study of the company has been prepared and is pending with the Government since July 2000. In the opinion of the Committee, sufficient time has lapsed since then and by now the Government should have taken a decision in the matter. The Committee recommend that the Government should expedite positive decision in the matter.

(Recommendation No. 33)

134. The Committee also take serious note of the incidents of seizing bank accounts of the Company by the Labour Department. The Committee direct that no action of any kind should be taken by any Government agency which goes against the common social interests of the workers. The Committee would like to be assured that workers' common interests including their regular/timely payment of salaries and wages are safeguarded.

(Recommendation No. 34)

Indian Petrochemicals Corporation Limited (IPCL)

135. Indian Petrochemicals Corporation Limited (IPCL) is a leading petrochemical company in India under the purview and control of the Department of Chemicals and Petrochemicals. It is one of the well run PSUs in India and has been conferred the "Navratna" status by the Government of India.

It is a fully integrated manufacturer of polymers, fibre, fibre intermediates, chemical products and catalysts with polymers accounting for nearly 70% of company's sales. The company has three intergrated complexes in the States of Gujarat and Maharashtra with a combined installed ethylene capacity of 8,30,000 metric tonnes.

136. During the 9th Plan, an outlay of Rs. 5601.50 crore was earmarked for investments in IPCL, however, later it was scaled down to Rs. 3465 crore. Due to economic uncertainties regarding disinvestment

in the Company, plan outlay could not be utilised. In some other context, the Department explained the present status of the disinvestment in IPCL as under:

> "Pursuant to the decision of the Government to transfer the Vadodara unit of IPCL to IOC, the matter was discussed in the meeting of the IMG held on 19/12/2000 and the matter was discussed in detail. It was decided that the details for the transfer of Vadodara unit will be discussed and tied up by the CMDs of IOC and IPCL. In order to enable the process to move smoothly, it was also decided that the Secretary, Department of Disinvestment will take a meeting with both the CMDs and give his advise for the smooth transfer of the Vadodara unit to IOC. Thereafter, the Minister of State of Disinvestment took further meetings with the representatives of the Department of Chemicals & Petrochemicals, Ministry of Petroleum & Natural Gas and the CMDs of IPCL and IOC. The last meeting was held on 5/2/2001. After the matter reaches at an irreversible stage, the process of disinvestment of 25% equity in the remaining units of the company will be processed by inviting fresh 'expression of interest' and the whole process is likely to be completed by the end of 31/12/2001."

137. During the course of evidences, the Committee wanted to know specifically the reasons for segregating Vadodara plant from the other two plants of IPCL when the Vadodara's plant is an older one with obsolete technology and the other two plants totally new.

Responding to these observations, Secretary said:

> "As a departmental Secretary, I have no business explaining why a particular decision has been taken by Cabinet except for the reasons that we have stated in Cabinet.
>
> Sir, as I told you, am not expert on disinvestment. There is

a Department of Disinvestment. Disinvestment is never done because it is profit making or loss making."

138. The Committee's observation was that IPCL should not be bifurcated. It's Vadodara unit is old one with obsolete technology and its transfer to IOC will be liability for the later. In fact IPCL in totality should be transferred to Indian Oil on nomination basis, for optimum utilisation of the following resources :-

(a) Marketing infrastructure of IPCL,

(b) Existing pipelines between Gandhar & Vadodara,

(c) Manpower utilisation.

139. The Committee note that the IPCL is a leading petrochemical company in India and one of the well run PSU with "Navratna" status. But due to uncertainties created by the Government on account of disinvestment, the full plan outlay of 9th plan could not be utilised by the company. Now a decision has been taken to transfer Vadodara plant of the company to IOC and the rest of IPCL be disinvested through strategic sale of 25% equity.

140. During the course of evidence, the Committee wanted to be convinced with the rationale in bifurcating the company but nothing came out concrete to justify the action. The Committee are convinced that the division of the company is neither in the interest of the industry nor in the company but a part of a motivated design to manipulate the valuation of unit.

141. The Committee note that the Vadodara plant of IPCL is an old one with obsolete technology. The Committee feel that segregating this plant from the other two plants would amount to separating cream from the milk. In the opinion of the Committee, mere transfer of Vadodara plant to IOCL would be unviable for the later. If the Government can decide to transfer the Vadodara unit of IPCL to IOCL, nothing prevents it from taking the same decision in the case of other two units, which are part of the single company. The Committee further feel that the bifurcation of the Company

would mean unnatural division of assets and coerced selling of obsolete plant to Government owned company. This would enable market forces to manipulate the sales of shares in other two plants to their advantage and ultimately change the management structure of these plants. The Committee would like to caution the Government about this design. The Committee strongly recommend that IPCL as a whole be transferred to IOCL on transfer basis so that the later can make optimum use of capital and marking infrastructure of IPCL, including utilisation of existing pipelines between Gandhar and Vadodara.

(Recommendation No. 35)

NEW DELHI :
April 11, 2001
Chaitra 21, 1923 *(Saka)*

MULAYAM SINGH YADAV,
Chairman,
Standing Committee on
Petroleum and Chemicals.

APPENDIX I

STATEMENT SHOWING ITEM-WISE ACTUAL EXPENDITURE FOR THE YEAR 1999-2000, BUDGET ESTIMATES & REVISED ESTIMATES FOR 2000-2001 AND BUDGET ESTIMATES FOR 2001-2002

(Rs. in Crore)

Sl.No.	Major heads		1999-2000 Actuals			2000-2001 Budget			2000-2001 Revised			2001-2002 Budget		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	2		3	4	5	6	7	8	9	10	11	12	13	14
1.	Secretariate–Economic Services	3451		4.58	4.58		5.42	5.42	–	5.40	5.40	0.04	5.75	5.79
	INDUSTRIES													
	Petrochemicals Industries													
2.	Central Institute of Plastics Engineering (CIPET)	2852	4.00	4.00	8.00	5.50	4.00	9.50	4.00	3.95	7.95	6.00	3.38	9.38
3.	Subsidy to Assam Gas Cracker Project	2852			0.00	0.01	1.00	1.01	0.01	0.01	0.02	1.00	0.01	1.01
	Chemicals & Pharmaceuticals Industries													
4.	Bhopal Gas Leak Disaster	2852		159.82	159.82		104.89	104.89		52.14	52.14		11.71	11.71

	2	3	4	5	6	7	8	9	10	11	12	13	14	15
5.	Grant to Institute of Pesticides Formulation Technology	2852	1.25	–	1.25	2.61	–	2.61	2.61	–	2.61	1.06	–	1.06
6.	National Institute of Pharmaceuticals Education & Research (NIPER)	2852	11.78	–	11.78	15.00	–	15.00	11.54	–	11.54	14.80	–	14.80
7.	**Regional Network on Pesticides for Asia & Pacific (RENPAP)**	**2852**	**0.14**		**0.14**	**0.14**		**0.14**	**0.14**		**0.14**	**0.20**		**0.20**
8.	**Chemical Weapons Convention (CWC)**	**2852**		**0.15**	**0.15**		**0.23**	**0.23**		**0.22**	**0.22**		**0.03**	**0.03**
9.	**National Pharmaceutical Pricing Authority (NPPA)**	**2852**		**3.38**	**3.38**		**5.69**	**5.69**		**3.59**	**3.59**		**3.75**	**3.75**
10.	**Pharmaceutical Export Promotion Scheme (PEPS)**	**2852**		**0.08**	**0.08**		**0.15**	**0.15**		**0.13**	**0.13**		**0.03**	**0.03**
11.	Mega Chemical Industrial Estate (MCIE)	2852	–	–	–	1.23	–	1.23	0.23	–	0.23			

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12.	Pharmaceutical Research & Dev. Programme (PRDP)	2852	0.15		0.15	0.16		0.16	0.16		0.16	0.21		0.21
13.	Chemicals Promotion & Dev. Scheme (CPDS)	2852	0.11		0.11	0.16		0.16	0.09		0.09	0.40		0.40
14.	Chemical Export Promotion Scheme (CEPS)	2852	–			0.17		0.17	0.09		0.09			
TOTAL-INDUSTRIES			17.43	167.43	184.86	24.98	115.96	140.94	18.87	60.04	78.91	23.67	18.91	42.58
15.	Non Plan Loans to Public Enterprises													
15.1	Smith Stanistreet Pharmaceuticals Ltd.	6857	–	3.88	3.88		2.34	2.34		3.88	3.88		.93	1.93
15.2	Bengal Chemicals & Pharmaceuticals Ltd.	6857	–	1.00			0.01	0.01		0.60	0.60		0.01	0.01
15.3	Bengal Immunity Ltd.	6857	0.00	6.02	6.02		3.42	3.42		6.02	6.02		3.01	3.01
15.4	Indian Drugs & Pharmaceuticals Ltd.	6857	0.00	61.59	61.59		35.00	35.00		62.00	62.00		31.00	31.00
15.5	Petrofils Co-operative Ltd.	6856	0.00	19.83	19.83		10.08	10.08		74.11	74.11		1.65	1.65

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
15.6	Hindustan Antibiotics Ltd.	6857		0.00			0.01	0.01						
	TOTAL		0.00	92.32	91.32	50.86	50.86		150.50	150.50		37.60	37.60	
16.	Investment in Public Enterprises	4856				0.01		0.01	0.01		0.01	0.01		0.01
		4857	5.75		5.75	7.52		7.52	5.57		5.57	7.03		7.03
		6857	6.75		6.75	7.49		7.49	5.55		5.55	7.05		7.05
	Total		12.50		12.50	15.02		15.02	11.13		11.13	14.09		14.09
	Grand Total		29.93	264.33	294.26	40.00	172.24	212.24	30.00	215.95	245.94	49.00	62.26	111.26

APPENDIX II

STATEMENT SHOWING PERCENTAGE CHANGE IN THE BUDGET PROVISION DURING LAST TWO YEARS

(Rs. in crore)

Sl. No.	Items of expenditure	1999-2000 Actuals	2000-01 Budget estimates	2000-01 Revised estimates	% Change in 2000-01 (RE) over 1999-2000	2001-02 Budget estimates	% change in 2001-02 (BE) over 2000-01 (RE)
1	2	3	4	5	6	7	8
A.	NON PLAN						
1.	Secretariat Expenses	4.58	5.42	5.40	17.90	5.75	6.48
2.	CIPET	4.00	-4.00	3.95	-1.25	3.38	-14.43
3.	BHOPAL GAS	159.82	104.89	52.14	-67.38	11.71	-77.54
4.	CWC	0.15	0.23	0.22	46.67	0.03	-86.36
5.	NPPA	3.38	5.69	3.59	6.21	3.75	4.46
6.	ASSAM GAS	0.00	1.00	0.01		0.01	0.00
7.	PEPS	0.08	0.15	0.13	62.50	0.03	-76.92
	Total A	172.01	121.38	65.44		24.66	

2	3	4		6	7	8
B. NON PLAN LOAN TO PSU						
. SSPL	3.88	2.34	3.88	0.00	1.93	-50.26
2. BCPL	1.00	0.01	0.60	-40.00	0.01	-98.33
3. BIL	6.02	3.42	6.02	0.00	3.01	-50.00
4. IDPL	61.59	35.00	62.00	0.67	31.00	-50.00
5. PCL	19.83	10.08	74.11	273.73	1.65	-97.77
6. HAL	0.00	0.01	0.00	-100.00	0.00	-100.00
7. HIL	0.00	0.00	3.89	-100.00	0.00	-100.00
Total B	92.32	50.86	150.50		37.60	
Total Non Plan (A+B)	264.33	172.24	215.94		62.26	
C. PLAN						
1. Investment in PSUs						
PCL	0.00	0.01	0.01	-100.00	0.01	0.00
HOCL	0.00	0.00	0.00	-100.00	2.50	-100.00
HIL	2.75	4.74	2.79	1.45	2.50	-10.39
HAL	1.50	1.50	1.50	0.00	2.00	33.33

1	2	3	4	5	6	7	8
	BCPL	1.50	1.25	1.25	-16.67	0.00	-100.00
	IDPL	0.00	0.01	0.01	-100.00	0.01	0.00
	SSPL	0.00	0.01	0.01	-100.00	0.01	0.00
	BIL	0.00	0.01	0.01	-100.00	0.01	0.00
Total 1		5.75	7.53	5.58		7.04	
2.	Loan to PSU						
	HOCL	0.00	0.00	0.00	-100.00	2.50	-100.00
	HIL	2.75	4.74	2.80	1.82	2.55	-8.93
	HAL	1.50	1.50	1.50	0.00	2.00	33.33
	BCPL	2.50	1.25	1.25	-50.00	0.00	-100.00
Total 2		6.75	7.49	5.55		7.05	-175.60
3.	Grant to other Organisations						
	CIPET	4.00	5.50	4.00	0.00	6.00	50.00
	IPFT	1.25	2.61	2.61	108.80	1.06	-59.39
	NIPER	11.78	15.00	11.54	-2.04	14.80	28.25

1	2	3	4	5	6	7	8
	RENPAP	0.14	0.14	0.14	0.00	0.20	42.86
	PRDP	0.14	0.16	0.16	14.29	0.21	31.25
	CPDS	0.11	0.16	0.09	-18.18	0.40	344.44
	ASSAM GAS	0.00	0.01	0.01	-100.00	1.00	9900.00
	MCIE	0.00	1.23	0.23	-100.00	0.00	-100.00
	CEPS	0.00	0.17	0.09	-100.00	0.00	-100.00
	MODERNISATION	0.00	0.00	0.00	-100.00	0.04	-100.00
	N.E. REGION	0.00	0.00	0.00	-100.00	2.20	-100.00
	HOCL (VRS)	0.00	0.00	0.00	-100.00	5.00	-100.00
	HIL (VRS)	0.00	0.00	0.00	-100.00	4.00	-100.00
	Total 3	17.42	24.98	18.87		34.91	
	Total Plan (1+2+3)	29.92	40.00	30.00		49.00	

APPENDIX III

STATEMENT SHOWING BE/RE AND ACTUAL EXPENDITURE
FOR THE YEAR 1998-99 TO 2001-02

(Rs. in crore)

Sl.No.	Item of Expenditure	1998-1999			1999-2000			2000-2001		2001-2002 B.E.
		B.E.	R.E.	Actuals	B.E.	R.E.	Actuals	B.E.	R.E.	
1	2	3	4	5	6	7	8	9	10	11
A.	**NON PLAN**									
1.	Secretariat	4.68	4.58	4.48	4.78	4.79	4.58	5.42	5.40	5.75
2.	CIPET	4.00	5.37	5.37	4.40	4.00	4.00	4.00	3.95	3.38
3.	BHOPAL GAS	60.00	33.53	46.92	62.50	239.87	159.82	104.89	52.14	11.71
4.	CWC	0.28	0.20	0.10	0.25	0.22	0.15	0.23	0.22	0.03
5.	NPPA	3.67	2.83	2.68	4.00	4.52	3.38	5.69	3.59	3.75
6.	ASSAM GAS	25.00	0.01	0.00	25.00	1.00	0.00	1.00	0.01	0.01
7.	PEPS	0.10	0.10	0.04	0.17	0.14	0.08	0.15	0.13	0.03
	Total A	97.73	46.62	59.59	101.10	254.54	172.01	121.38	65.44	24.66

1	2	3	4	5	6	7	8	9	10	11
B.	**NON PLAN LOAN TO PSU'S**									
	1. SSPL	1.00	2.70	3.01	2.34	3.84	3.88	2.34	3.88	1.93
	2. BCPL	1.00	1.00	1.00	0.25	0.25	1.00	0.01	0.60	0.01
	3. BIL	1.00	3.50	3.98	2.88	5.62	6.02	3.42	6.02	3.01
	4. IDPL	34.49	67.13	66.34	33.72	56.09	61.59	35.00	62.00	31.00
	5. PCL	0.00	4.50	4.50	1.00	18.20	19.83	10.08	74.11	1.65
	6. HAL	0.00	0.00	0.00	1.00	1.00	0.00	0.01	0.00	0.00
	7. HIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.89	0.00
	Total B	**37.49**	**78.83**	**78.83**	**41.19**	**85.00**	**92.32**	**50.86**	**150.50**	**37.60**
	Total (A+B)	**135.22**	**125.45**	**138.42**	**142.29**	**339.54**	**264.33**	**172.24**	**215.94**	**62.26**
C										
1.		**4.75**	**5.25**	**5.25**	**4.00**	**4.00**	**4.00**	**5.50**	**4.00**	**6.00**
2.		**1.00**	**3.00**	**3.00**	**3.50**	**1.25**	**1.25**	**2.61**	**2.61**	**1.06**
3.		**14.00**	**13.00**	**13.00**	**13.00**	**11.78**	**11.78**	**15.00**	**11.54**	**14.80**
4.		**0.05**	**0.05**	**0.05**	**0.14**	**0.14**	**0.14**	**0.14**	**0.14**	**0.20**
5.		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**5.00**

1	2	3	4	5	6	7	8	9	10	11
6.	HIL	7.50	7.50	7.50	9.00	5.50	5.50	9.48	5.59	5.05
7.	IDPL	0.05	0.05	0.00	0.01	0.01	0.00	0.01	0.01	0.01
8.	HAL	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
9.	BCPL	3.00	3.50	3.50	4.00	4.00	4.00	2.50	2.50	0.00
10.	SSPL	1.00	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.01
11.	BIL	1.00	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.01
12.	PPDA	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13.	PCL	2.00	2.00	0.00	0.01	0.01	0.00	0.01	0.01	0.01
14.	PRDP	0.20	0.20	0.18	0.16	0.16	0.15	0.16	0.16	0.21
15.	CPDS	0.20	0.20	0.20	0.16	0.12	0.11	0.16	0.09	0.40
16.	ASSAM GAS	0.00	0.00	0.00	1.00	0.01	0.00	0.01	0.01	1.00
17.	MCIE	0.00	0.00	0.00	0.00	0.00	0.00	1.23	0.23	0.00
18.	CEPS	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.09	0.00
19.	N.E. REGION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.20
20.	HOCL (VRS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
21.	HIL (VRS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
22.	MODERNISATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
	Total	38.00	38.00	35.68	38.00	30.00	29.93	40.00	30.00	49.00

APPENDIX IV

APPROVED OUTLAY FOR THE 9TH FIVE YEAR PLAN

(Rs. in crore)

S. No.	Name of the Organisation	Internal & Extra Budgetary Resources	Budgetary Support	Total Outlay approved
1.	IPCL	5601.50	0.00	5601.50
2.	PCL	0.00	5.00	5.00
3.	HOCL	850.00	0.00	850.00
4.	HIL	38.15	36.85	75.00
5.	IDPL	0.00	0.25	0.25
6.	HAL	0.00	13.00	13.00
7.	BCPI	36.00	15.00	51.00
8.	SSPL	0.00	1.87	1.87
9	BIL	0.00	1.88	1.88
10.	CIPET	50.00	15.00	65.00
	IPFT	0.85	7.00	7.85
12.	RENPAP	0.00	0.40	0.40
13.	NIPER	12.50	70.00	82.50
14.	CWC	0.00	2.50	2.50
15.	PPDA	0.00	0.25	0.25
16.	PRDS	0.00	1.00	1.00
17.	CPDS	0.00	1.00	1.00
	TOTAL	6589.00	171.00	6760.00

APPENDIX V

ANNUAL PLAN 2001-02

(Rs. in crore)

S. No.	Name of the PSUs/Organi-sations	Total approved Outlay 2001-02	IEBR	Budgetary Support
	IPCL	150.00	150.00	
2.	PCL	0.01		0.01
3.	HOCL	11.50	6.50	5.00
4.	HIL	5.05		5.05
5.	IDPL	0.01		0.01
	HAL	4.00		4.00
	SSPL	0.01		
8.	BIL	0.01		
9.	CIPET	9.00	3.00	6.00
10.	IPFT	56	0.50	1.06
1.	RENPAP	0.20		
12.	NIPER	14.80		
13.	ASSAM GAS	1.00		1.00
14.	PRDP	0.21		0.21
15.	CPDS	0.40		0.40
16.	MODERNISA-TION D/C & PC	0.04		0.04
17.	PROVISION FOR NE REGION & SIKKIM	2.20		2.20
18.	VRS	5.00		
		4.00		4.00
	TOTAL	209.00	160.00	49.00

APPENDIX VI

9th PLAN OUTLAY AND ACTUAL EXPENDITURE

(Rs. in crore)

Total 9th Plan Outlay			1st Year 1997-98 Actual Expdr.		2nd Year 1998-99 Actual Expdr.		3rd Year 1999-2000 Actual Expdr.		4th Year 2000-01 Revised Estimates		Total 1997-2001		5th Year 2001-02	
PSU	Outlay	B.S.	Outlay	B.S.	Outlay	B.S.	Outlay	B.S.	Outlay	B.S.	Outlay	B.S.	Outlay	B.S.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
IPCL	5601.50	0.00	1057.00	0.00	843.00	0.00	451.00	0.00	170.00	0.00	2521.00	0.00	150.00	0.00
PCL	**5.00**	**5.00**	**2.00**	**2.00**	**2.00**	**2.00**	**0.00**	**0.00**	**0.01**	**0.01**	**4.01**	**4.01**	**0.01**	**0.01**
CIPET	**65.00**	**15.00**	**9.75**	**3.25**	**5.25**	**5.25**	**4.00**	**4.00**	**9.46**	**4.00**	**28.46**	**16.50**	**9.00**	**6.00**
PPDA	**0.25**	**0.25**	**0.00**	**0.00**	**0.25**	**0.25**	**0.00**	**0.00**	**0.00**	**0.00**	**0.25**	**0.25**	**0.00**	**0.00**
AGCL	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.01**	**0.01**	**0.01**	**0.01**	**1.00**	**1.00**
Modern	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.04**	**0.04**
HOCL	**850.00**	**0.00**	**45.01**	**0.00**	**31.19**	**0.00**	**2.55**	**0.00**	**3.96**	**0.00**	**82.71**	**0.00**	**11.50**	**5.00**
HIL	**75.00**	**36.85**	**5.85**	**4.10**	**5.08**	**7.50**	**4.48**	**5.50**	**5.59**	**5.59**	**21.00**	**22.69**	**5.05**	**5.05**
IPFT	7.85	7.00	1.10	1.10	3.00	3.00	**1.25**	**1.25**	**2.61**	**2.61**	**7.96**	**7.96**	**1.56**	**1.06**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RENPAP	0.40	0.40	0.05	0.05	0.05	0.05	0.14	0.14	0.14	0.14	0.38	0.38	0.20	0.20
CWC	2.50	2.50	0.15	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.15	0.00	0.00
CPDS	1.00	1.00	0.00	0.00	0.20	0.20	0.11	0.11	0.09	0.09	0.40	0.40	0.40	0.40
CEPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.09	0.09	0.09	0.00	0.00
MCIE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	0.23	0.23	0.23	0.00	0.00
IDPL	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
BCPL	51.00	15.00	5.00	5.00	5.50	3.50	4.00	4.00	2.50	2.50	17.00	15.00	0.00	0.00
HAL	13.00	13.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	12.00	12.00	4.00	4.00
SSPL	1.87	1.87	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
BIL	1.88	1.88	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
NIPER	82.50	70.00	6.75	14.00	13.00	13.00	11.78	11.78	11.54	11.54	43.07	50.32	14.80	14.80
PRDP	1.00	1.00	0.04	0.04	0.18	0.18	0.15	0.15	0.16	0.16	0.53	0.53	0.21	0.21
HOCL (VRS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	5.00
HIL (VRS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00
N.E. REGION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.20	2.20
Total	6760.00	171.00	1135.70	32.69	911.70	37.93	482.46	29.93	209.42	30.00	2739.28	130.55	209.00	49.00

APPENDIX VII

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS 2001

Second Sitting

30.03.2001

The Committee sat from 1100 hrs. to 1330 hrs

PRESENT

Shri Mulayam Singh Yadav – *Chairman*

MEMBERS

Lok Sabha

2. Shri Padam Sen Choudhary
3. Shri Dilipkumar Mansukhlal Gandhi
4. Shri Pawan Singh Ghatowar
5. Shri Bijoy Krishna Handique
6. Shri P. Mohan

Dr. Bikram Sarkar

8. Shri Shyama Charan Shukla
9. Shri D.C. Srikantappa
10. Shri Tarlochan Singh Tur
11. Shri Shankersinh Vaghela
12. Shri Ratilal Kalidas Varma
13. Shri B. Venkateshwarlu
14. Shri Rajesh Verma

Rajya Sabha

15. Shri Gaya Singh
16. Shri Ram Nath Kovind
17. Shri Moolchand Meena
18. Shri Dipankar Mukherjee

19. Shri Suresh Pachouri
20. Shri Ahmed Patel
21. Smt. Basanti Sarma
22. Shri Rajiv Ranjan Singh 'Lalan'
23 Prof. Ram Gopal Yadav

SECRETARIAT

1. Shri Ram Autar Ram — *Joint Secretary*
2. Shri J.N. Oberoi — *Under Secretary*

Representatives of Department of Chemicals & Petrochemicals

1. Shri V.N. Kaul, Secretary (C&PC)
2. Shri Suresh Chandra, JS&FA
3. Shri Ashok Chawla, JS(PC&A)/Acting CMD, IPCL/ Acting Dir. (CIPET)
4. Shri Sharad Gupta, JS (PI)

II. Representatives of Public Sector Undertakings

1. Shri M.C. Abraham, CMD, Hindustan Antibiotics Limited (HAL)
2. Shri Rajendra Mohan, CMD, Hindustan Insecticides Limited (HIL)
3. Shri Y.G. Bhatt, CMD (In charge), Hindustan Organic Chemicals Limited (HOCL)
4. Shri Maj. Gen. V.K. Sareen, CMD, Indian Drugs & Pharmaceuticals Limited (IDPL)
5. Shri M. Natarajan, MD, Smith Stanistreet Pharmaceuticals Ltd. (SSPL)
6. Shri Prabir Roy, MD, Bengal Chemicals and Pharmaceuticals Limited (BCPL)

III. Representatives of Other Organisations

1. Shri K.D. Tripathi, Member Secretary, National Pharmaceutical Pricing Authority (NPPA)

2. Shri C.L. Kaul, Director, National Institute of Pharmaceutical Education and Research (NIPER)

3. Dr. D. Sengupta, Director, Institute of Pesticides Formulations Technology (IPFT)

At the outset, Hon'ble Chairman welcomed the Members, officers of Department of Chemicals & Petrochemicals and representatives of Public Sector Undertakings and other organisations.

2. The Committee took oral evidence of the representatives of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals in connection with examination of Demands for Grants for 2001-02.

3. During the course of evidence, the main issues which came up for discussion included appraisal of 9th Five Year Plan related to Department of Chemicals & Petrochemicals, implementation of Assam Gas Cracker Project, Bhopal Gas Leak Disaster, present status of the criminal proceedings against accused, medical & social schemes for rehabilitation of Gas victims, functioning of Institute of Pesticide Formulation Technology (IPFT), need to have more researches in this field, provision of loans for various Public Sector Undertakings under the administrative Control of Department of Chemicals & Petrochemicals, their financial performance, transfer of Vadodara Plant of Indian Petrochemicals Corporation Limited (IPCL) to Indian Oil Corporation Limited (IOCL), need to transfer on nomination basis the other two plants of IPCL to IOC, future of Indian Drugs & Pharmaceuticals Limited (IDPL), process of disinvestment in some of PSUs, difficulties being faced by some of the PSUs such as Bengal Immunity Limited (BIL) and Smith Stanistreet Pharmaceuticals Limited (SSPL).

4. A Verbatim Record of the proceedings has been kept.

The Committee then adjourned.

APPENDIX VIII

MINUTES

STANDING COMMITTEE ON PETROLEUM & CHEMICALS

2001

Fifth Sitting

11.04.2001

The Committee sat from 1130 hrs. to 1230 hrs.

PRESENT

Shri Mulayam Singh Yadav – *Chairman*

MEMBERS

Lok Sabha

2. Shri Ajay Singh Chautala
3. Shri Padam Sen Choudhary
4. Shri Dilipkumar Mansukhlal Gandhi
5. Smt. Sheela Gautam
6. Shri Pawan Singh Ghatowar
7. Shri Bijoy Krishna Handique
8. Smt. Nivedita Mane
9. Shri Ashok Pradhan
10. Shri Shyama Charan Shukla
11. Smt. Kanti Singh
12. Shri Ratilal Kalidas Varma
13. Shri B. Venkateshwarlu
14. Dr. Girija Vyas

Rajya Sabha

15. Shri Gaya Singh
16. Shri Suresh Pachouri
17. Shri Rajiv Ranjan Singh 'Lalan'
18. Shri P. Soundararajan
19. Prof. Ram Gopal Yadav

SECRETARIAT

1. Shri Ram Autar Ram — *Joint Secretary*
2. Shri Brahm Dutt — *Deputy Secretary*
3. Shri J.N. Oberoi — *Under Secretary*

2. The Committee considered, approved and adopted their following Draft Reports with a verbal change :-

(i)

** ** ** ** ** ** ** **

(ii) Thirteenth Report on Demands for Grants of the Ministry of Chemicals & Fertilisers, Department of Chemicals & Petrochemicals for the year 2001-02.

(iii)

** ** ** ** ** ** ** **

3. The Committee placed on records their appreciation for the valuable assistance rendered to them by the staff and officers of the Lok Sabha Secretariat attached to the Committee. In particular, the Chairman as also the Members commended the Secretariat for the quality of drafting of Reports within a very short span of time particularly in holidays.

4. The Committee also authorised the Chairman to finalise the Reports after factual verification by the concerned Ministries/Departments and present the same to the Parliament in the current Session.

5.

** ** ** ** ** **

The Committee then adjourned.

**Matters not included in the Report.